# FINANCIAL TIMES

THURSDAY JUNE 6 1996



Russian elections Zyuganov on the

Siberian stump



**Smart jets** 

Sensing their own



The American way Democracy with a difference

Book review, Page 12



Brazil Stable politics

are not enough Survey, separate section

# more flexibility in **EU** working hours

European Commission president Jacques Santer called for more flexible working hours, including parental leave, saying they could make a significant contribution to tackling the unemployment crisis in Europe. Mr Santer said that reorganising working time would be a central theme in talks with business and trade unions on his proposed pact of confi ence on employment. His call came as a European Union survey showed consumer concern about unemployment was growing. Page 14

Paris, Bonn promise defence merger: France and Germany pledged to define a "common security and defence concept" following Paris' improving relations with Nato and its recent army reforms. At the end of a summit, President Jacques Chirac and Chancellor Helmut Kohl pledged they would finalise their joint "concept" at the next regular Franco-German summit in December.

Saab Automobile, the struggling Swedisb carmaker managed and half-owned by General Motors, is to produce three new models and revamp its US sales operation along the lines of GM's innovative Saturn subsidiary. Page 15

Italian inflation declines: Italy's inflation rate fell slightly last month to an annualised figure of 4.3 per cent against 4.5 per cent in the previous two

Digital TV alliance breaks up: An ambitious digital television alliance between Bertelsmann of Germany, Canal Plus of France and British Sky Broadcasting to develop establish digital television in Germany looked to bave broken up as tha parties criticised each other. Page 14 and Lex

Germany revises economic figures: The German economy contracted as expected in the first quarter but a slight upward revision to earlier fig-ures indicated that the country is experiencing a slowdown rather than a recession, Page 2

Call to end UK non-co-operation; The European Commission called on Britain to stop its policy of non-co-operation in the European Union, warning it delayed a deal on lifting the ban on Brit-

Yeltsin wins cash pledge: President Boris Yeltsin convinced Russia's Communist-dominated parliament to agree to provide extra money for teachers' boliday pay and hard hit defence plants – but the move could threaten Russian financial markets days before the presidential election. Page 2

Hoechst, the German chemicals group, is pulling out of the market for CFC substitutes, selling most of its fluorochemicals business to Belgium's Solvay.

\$230m Veba deal opposed: Germany's cartel office challenged Veba's DM350m (\$230m) acquisition of a 24.9 per cent stake in Bremen's public util-lty company but the industrial conglomerate said it would appeal. Page 3

Rhône-Poulenc, the French chemicals company, is expected to announce the sale of US drugs businesses worth more than FFribn (\$190m) as part of a FFr10bn plan to halve the group's debt burden. Page 17



The US Justice Depart ment has launched an inquiry into whether the US banking system was used to launder money by Raul Salinas (left). brother of former Mexican President Carlos Salinas. Tha inquiry a comes in additional to investigations in Mexico, the UK and Switzerland

of more than \$122m held by Mr Raul Salinas in Swiss and UK bank accounts. Page 4 Chinese landslides kill 66: Sixty-six people

were killed and 162 were missing after two buge landslides struck a gold-mining area of south-west China, the official Xinhua news agency said.

Search for Kashmiri hostages called off: Indian and foreign experts ended a three-day search for clues to the fate of four Western hostages, including two Britons, held in Kashmir since last July. No leads were found despite reports that they

Mountain of garbage: Nepalese climbers have collected 2,000 kg (4,400lbs) of garbage on Mount Everest and say at least 15,000 kg of decades-old rubbish remains to be collected from the world's highest mountain.

STOCK MARKET INDICES | QOLD

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O THE FINANCIAL TIMES LIMITED 1996 No 33,002

Santer pushes for | Threat to prices when Iraq re-enters market

# Opec effort to crack down on oil quotas set to fail

An attempt by some members of the Organisation of Petroleum Exporting Countries to end per-sistent violations of oil quotas looked set to fail last night. Failure of the initiative would threaten a prica collapse follow-ing the re-introduction of Iraq into world oil markets over the

next few months.

A number of delegates to Opec's 100th ministerial meeting, which opened in Vienna yesterday, called for urgent steps to ensure that persistent quota busters, such as Venezuela, rein in their creat production. in their over-production. But Saudi Arabia, Opec's largest pro-ducer, appeared doubtful about the success of any crackdown.

Iraq last month reached agree-ment with the United Nations to export \$2bn in oil over a sixmonth period to pay for food and medical supplies. Opec delegates will today begin discussing arrangements that would boost Iraq'a current quota by around 700,000 barrels a day in order to meet the UN revenue target. But many delegates said an expanded Iraqi quota needed to be offset by cuts from those members currently cheating on their quotas.

One Opec official said: "We need to ahave 600,000 barrels a day off Opec's current production about 1.5m barrels a day above tha group's official production ceiling of 24.52m barrels a day.

Other officials called for even tougher action against quota vio-lators, which industry analysts say include Nigeria, Algeria, Qatar and Gabon. "Over-produc-tion should be cut by the whole amount," said Mr Abdalla Salem El Badri, Libya's oil minister. But Saudi Arabia, which at last November's Opec meeting

adopted a tough line with Vene-

zuela, yesterday appeared ambiv-alent about pursuing such a strategy "People are talking about cuts," said ona Gulf Arab official, "but Opec has no enforcement hanism and all members are independent sovereign coun-

Opec officials say Sandi Arabia's priority at this week'a meeting is simply to secure agreement on a new Iraqi quota. which would be added to the present production ceiling for the next six months.

Riyadh appears to have taken the view that robust worldwide

demand for oil and possible delays in Iraqi oil actually reaching world markets will minimise the risk of a price collapse.

A Gulf Arab official yesterday predicted that "meaningful" amounts of Iraqi oil were unlikely to hit the markets until the fourth quarter of the year, although Iraqi officials have this week been boasting about their ability to boost the country's pro-duction to the required levels in

The Gulf Arab official added that if the relatively optimistic view of world oil demand and snpply prevailed, then in the fourth quarter "we would still have a balanced market at worse or one on the tight side at best". US companies have been offi-cially authorised to buy Iraqi oil under the terms of the UN deal, the State Department said yester-day, AFP adds from Washington. "This is not a change in our

policy with respect to Iraq," said Mr Michael McCurry, White House spokesman, "We aupported those oil sales because we believe the America elieve the American oil and gas industry can be a part of the management of those sales, so that the proceeds go to the people who are badly in need of relief."



Saudi Arabian oll minister Ali Bin Ibrahim al-Nuami laughs while talking to journalists at the opening session of the Open conference

# ING attacks German rival over poaching

Formal complaint made after 44 staff defect to DMG from Latin American office

By Nicholas Denton in London

Deutsche Morgan Grenfell, the investment banking arm of Deutfrom competitors yesterday for predatory poaching of staff and bidding up pay in the securities industry to "outrageous" levels. Internationale Nederlanden Groep, which this week lost 44 executives from its Latin American equities operations, has made a formal complaint to Mr Hilmar Kopper, chairman of Deutsche

"We said that we totally disagree with these practices fol-lowed by Deutsche Morgan Gren-fell," said Mr Hessel Lindenbergh, chief executive of ING Barings, the merged investment to determine the source

try towards firms which deliberately poach whole leams," he

extraordinary.

bank created last year after the Dutch bank rescued Barings.

"I think there is growing resistance and irritation in the indus-

concern - expressed at a banking conference on Tuesday by Mr Andrew Buxton, chairman of Barclays Bank of the UK - about the practice of giving guaranteed He said the \$20m packages over three years being offered to some individuals in the US were

Deutsche decided to build its investment banking operations in 1994 through hiring and organic growth rather than by acquisitions. Since it began its drive it has hired about 250 professionals from other firms, and expects to

appoint another 150 staff by the end of the year. S.G. Warburg complained to Deutsche Bank about its preda-

tory hiring before it was taken up pay unduly." over last year, but Mr Linden-bergh is the first senior investment banker to express publicly such criticism. Mr Michael Dobson, chief execntive of Deutsche Morgan Grenfell, said reaction of competitors

was "frankly, hypocritical". "Some of the most vociferous people, who say that we are wrecking the market, have actively tried to hire people from us at the same time," said Mr Dobson. "The unspoken reason people are whingeing is that they

He said he wanted to squash the notion that DMG had a standard policy of doubling pay and guaranteeing it over several

A US investment bank executive said that while DMG could fail to hold together the organisation it had created, its poaching would damage competitors.

The Bank of England said it was up to the market to determine the level of pay, but it had concerns about the way bonuses ING Barings aaid it had

staunched the defections in Latin America and that speculation about further departures from its south-east Asian operations were unfounded. However, the investment bank is to lose virtually the last of the original founders of Baring Securities with the depar-

sultancy with two colleagues. Editorial Comment, Page 13

Lex, Page 14

ture of Mr Diarmaid Kelly, who is

leaving to set up a research con-

# Big Dutch bank takes control of fund manager

By David Brown in Amsterdam

Rabobank, Holland'a secondlargest bank, has agreed to take control of Robeco, a leading Dutch fund management group, as part of a strategy to build up rapidly its position in international life insurance and fund

It is the latest in a series of large alliances to be formed by European financial institutions aimed at exploiting the so-called 'Allfinanz" markets, combining banking, insurance and fund

management products.

The deal, which foresees both companies continuing to operate under their own names, would bring together two of Europe's leaders in their fields.

Rabobank, with total assets of Fl 293.5bn (\$171bn), is one of the few international banks that retains triple A ratings from all major credit agencies. Robeco bas Fl 75bn in funds

Under the terms of the preliminary agreement Rabobank, a cooperative with roots in agricultural banking, will initially acquire a 50 per cent equity stake in Robeco's umbrella management arm, Robecam, for approximately FI 500m.

Rabobank will gradually shift some Pl 30bn in investment funds now managed by its Interpolis insurance subsidiary and private banking subsidiaries over to management by Robeco. Provided that "fnrtber

co-operation proves to be suc-cessful", Rabobank will purchase the remaining Robeco equity by means of a performance-related trigger to be exercised within "four or five years," Rabobank's chairman Hermann Wijffels said. The second tranche of the twostage deal is to be triggered when Robeco's funds under management have doubled.

Robeco is known mainly for its four listed investment funds: Robeco and Rolinco, which invest in shares: Rorento which focuses on fixed income instruments; and Rodamco, which invests in property.
"Robeco needs a partner which

not only offers distribution

Continued on Page 14

# Creditors agree \$670m

Klöckner-Humboldt-Dentz, the German engineering group which almost collapsed after uncovering hidden losses of DM928m, has been rescued with a package worth DM1.03bn (\$670m).

The package has been agreed by the company's creditor banks, the city of Cologne and a number

Wedag plant engineering business - which ran up the losses and would concentrate on making diesel engines. The company will be renamed Deutz and hares which were suspended on May 28 are expected to begin

trading again tomorrow.

company is based, is conducting investigations into a group of 15 people, including KHD executives

and suppliers.
The DM928m losses at Humboldt Wedag - considerably

rent back.

 KHD employees have agreed to take an average 5 per cent wage cut, accept longer working hours and forgo some of their pension entitlements, measures which will save KHD DM110m.

this year would depend on the sale of Humboldt Wedag.

#### The package also includes: said it was not talking to KHD. Share information ......26.27 FT Actuation ... London SE .... Wall Street .... \_31-84 int. Bond Service \_ Menaged Funds \_\_\_\_\_28,29

rescue package for KHD

By Michael Lindemann in Frankfurt

However Mr Anton Schneider, chief executive, said the company would sell off its KHD Humboldt

Mr Schneider said the bail-out, the second in as many years, had to be undertaken because the diesel engine business. KHD'a core activity, had a range of new engines and "an extraordinarily good future ahead of it".

Arts Guide .

World Trade News ...

KHD, one of the best known names in German engineering, ran into difficulties 10 days ago when senior executives admitted that they had taken on contracts for three cement plants in Saudi Arabia at prices well below cost. Three senior executives have aince been sacked. The state prosecutor in Cologne, where the

higher than the DM650m first reported - include a DM322m provision for penalties arising from the three Saudi contracts. Dentsche Bank, which owns 47.7 per cent of KHD and has been co-ordinating the efforts to save the company, will bear the brunt of the rescua package, put-ting up DM550m. This includes forgiving debts worth DM190m, supplying DM205m of fresh money, and a number of other res worth DM155m.

CONTENTS

tium of 30 German and international banks to waiva interest payments until March 31 1997, a concession worth DM35m.

 Tha city of Cologne and the state of North Rhine-Westphalia will together buy KHD properties worth DM187m which KHD will

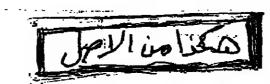
Mr Schnaider forecast that Dentz would make an operating loss of DM36.4m this year and that the size of a net profit or loss

Talks had begun with "interested parties" about the sale of Humboldt Wedag, which has a turnover of about DM1.5bn. However, Krupp Polysius, the cement plant subsidiary of the Krupp engineering group which has

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Singer & Friedlander Corporate Finance A successful first half of 1996 The following represent a selection of transactions upon which Singer & Friedlander has HARTONS GROUP P.L.C. FREEPAGES GROUP plc Placing and Open Offer Cash Offers by by Singer & Friedlander Schuttersveld Holding NV Hartons Group was advised by Admission to the Alternative Investment Singer & Friedlander Market . January 1996 February 1996 PLATIGNUM pic **INGHAM PLC** renamed Mentmore Abbey plc Acquisition of The Knox D' Arcy Trust Plc Abbey Storage Limited Proposed conversion into an Placing and Open Offer investment trust Ingham pic was advised by Singer & Friedlander Singer & Friedlander SEMCON ENGINEERING AB EUROPEAN TELECOM PLC Placing SEK 175 million management buy-out VBB gruppen AB Admission to the Official List the management buy-out team was advised by Singer & Friedlander Sponsored by Singer & Friedlander

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# Adjusted figures suggest the country's economy is merely slowing down

# Germany revises its recessionary fears

By Peter Norman in Bonn

The German economy contracted as expected in the first quarter but a slight upward revision to earlier figures indicated thet the country ia experiencing a slowdown

rather than a recession.

Real gross domestic product fell 0.5 per cent in the first three months of this year compared with the previous quar-ter, the federal statistics office said yesterday. But revised figures pointed to economic stagnation in the fourth quarter of 1995 and not a 0.5 per

reported three months ago. Mr Günter Rexrodt, the economics minister, said the pause in economic growth that began in mid-1995 had still not

been overcome. His remarks were borne out by yesterday's provisional industrial production figures for April, which showed output in March and April combined broadly unchanged from the level of the two previous months.

Yeeterday's GDP figures showed activity in eastern Germany down a real 2.5 per cent in the first quarter, bot output

many. Construction activity declined for the third successive quarter in the country as a whole. Harsh winter weather contributed to a real 7.5 per cant slump in seasonally adjusted first quarter ontput after declines of 2.5 per cent and 0.5 per cent respectively in the fourth and third quarters of 1995

The economics ministry said a strong 18 per cent jump in construction activity in April triggered a 1.4 per cent rise in the real, seasonally adjusted output of the production industries between March and April. This recovery followed

sharp, weather-induced declines in construction sector output in February and March which prompted a downward revision of overall industrial production growth in March to 0.9 per cent from 2 per cent previously reported. The ministry said it expected most of the GDP loss caused by bad weather in the first quartar would be recovered in the cur-

rent three-month period. Official figures showed that domestic demand stagnated in real and seasonally adjusted terms in the first quarter. A 0.5 per cent rise in private con-sumption and a 1 per cent increase in government spend-ing offset the building sector decline. Business investment stagnated while imports were also unchanged. Exports fall 1.5 per cent compared with the final 1995 quarter, possibly indicating some weakening in the competitiveness of German

First quarter GDP was 0.3 per cent higher than a year earlier. Construction activity was down 11.8 per cent and investment in plant equipment 0.5 per cent lower. But exports of goods and services were 3 per cent higher and state spending 3.4 per cent up on the

Mr Rexrodt said prospects for a turnaround in Germany's business cycle were not bad in spite of yesterday's generally gloomy figures. Among positive factors, ha mentioned "normalisation" of the D-Mark exchange rate and moderate

Early yesterday, negotiators agreed a 1.9 per cent annual pay increase for 230,000 insurance workers with effect from May 1. The settlement was in line with recent agreements for a 1.5 per cent pay rise in the textile industry and 2 per cent for chemical workers.

# Yeltsin given cash to meet poll pledges

President Boris Yeltsin yesterday scored a notable political victory by badgering Russia's Communist-dominated parliament into agreeing to provide axtra money for teachers' holiday pay and hard-hit defence plants.

But the move, bitterly opposed by the central bank, could prove an economic "owngoal", threatening instability Russia's financial markets in the critical days before the presidential elections on June

Straining to find funds to pay for his extravagant pre-election promises, Mr Yeltsin's government rusbed a hill through parliament forcing the central bank to transfer Rbs5,000bn (\$1bn) from its 1994 revenues to the federal budget

before June 10. The Communist party faction, the biggest in Russia's parliament, initially opposed the bill, fearing the populist spending package would boost Mr Yeltsin's electoral fortunes. But the party's leaders, who have long complained about teachers' poor working condi-tions, backed down when they realised the political implica-tions of opposing it.

Mr Vladlmir Panskov, finance minister, denied the transfer of funds would be inflationary, claiming the money would only be lent to regional governments and had to be repaid - without interest

By John Thomhill

Russia's defence minister has

sparked a furious political row

in Moscow with a claim that

sailors voting early for the

June 16 presidential election had all backed President Boris

Communist party officials immediately claimed that if

General Pavei Grachev's com-

ments were true, electoral law

must have been breached -

either commanding officers must bave ordered their men

to vote for Mr Yeltsin or the

ballot boxes must have been

opened prematurely.

The central electoral com-

mission said it had found no

evidence of malpractice, but chided Gen Grachev for mak-

ing irresponsible statements.

Grachev rebuked

over navy vote

before the end of the year But Mr Sergei Aleksashenko deputy chairman of the nominally independent central bank, branded the bill "illegal" because the monetary "emission" had not been approved in the 1996 budget. He suggested the bank might even seek to

overturn the decision in the

Mr Aleksashenko added that the central bank could not easily produce the Rbs5,000bn of revenues it received in 1994 and might be forced to print

Any such move would alarm Russia's volatile financial markets and almost certainly breach the terms of o threeyear loan agreed with the International Monetary Fund earlier this year.

"This money may help the government settle the current problem. But there will be more problems in a week which will require Rbs15,000bn or Rbs25,000bn," Mr Aleksashenko said.

The finance ministry's efforts to raise extra funds by non-inflationary means to pay for Mr Yeltsin's promises have been complicated by a sharp drop in tax revenues and a slump in the government debt

Mr Yeltsin's re-election campaign was given a surprising boost yesterday when the widow of Mr Dzhokhar Dudayev, the slain Chechen resistance leader, said she would vote for him.

based his observations on

daily reports he received about

the mood of military person-

size, many voters in remote regions or on active military

service have already begun to

vote. Reindeer herders in the

far north have voted in spe-cially erected leather tents

while submariners and oil

workers in the far east have

also cast their votes early. Some of thesa voters may

support candidates who will

not appear on the final ballot

paper. Mr Aman Tuleyev, the

Communist parliamentary

speaker from the Kemerovo

region, binted yesterday he

would pull out in favour of Mr

Gennady Zyuganov.

Because of Russie's vast



Zyuganov, in Moscow earlier in the campaign, has widespread support among the elderly but has failed to win over the young

# Zyuganov seeks election boost from the 'red and passionate'

Chrystia Freeland follows the Communist campaign to Krasnoyarsk

or the orthodox Old Believers who clung to the religious traditions of their forefathers, and for free-spir-lted Cossacks fleeing their feudal lords, Siberia was a place of refuge from the wrath of Russian tsars, Later, it became a place of exile for thousands of political dissidents who dared to criticise the com-

munist regime.
This week, in a final campaign trip which will take him to three of Siberia's largest cities, Mr Gennady Zyuganov, the Communist leader, is hoping that the inde-pendently-minded people of these remote eastern steppes will help him defy the increasingly dismissive forecasts of Moscow pollsters and triumph in next

week's presidential ballot. "The last 10 days are crucial and so I we a request to all of you here. Everyone must agitate at least six or seven others; it is our only hope," Mr Zyuganov yesterday urged a packed hall of party faithful in the city of Krasnoyarsk, four time zones east

The Communists of Krasnoyarsk, which can be translated literally as "red and pas-sionate", responded with enthusiasm, giving their smiling candidate a thunderous

standing ovation. "Gennady Andreyevych, you must feel that behind you there is a strong Siberian brigade," said Mr Vladimir Yurchik, head of the local party committee, feeling perhaps that his leader might need a lift after a wave of recent polls showing President Boris Yeltsin ahead of his Communist rival "I think I can promise you that here in Krasnoyarsk, Zyuganov will win a

On the hustings there, and in neighbouring Novosibirsk, Mr Zyuganov comes across as a more formidable figure than he can appear from the perspective of Moscow, where the chattering classes have already written him off.

But in these two vast Siberian regions. where Communists dominated the December parliamentary poll, Mr Zyuganov is a seemingly inexhaustible campaigner. He addresses invariably crowded halls and answers questions with a patience which his supporters praise as one of his best And although even the most fervent

Communist is unlikely to describe Mr Zyuganov as charismatic - his backers prefer adjectives like "calm" and "sober" - tha notoriously dull candidate seems to be making an effort to pepper his speeches

with a few jokes.

The one-liner which audiences like best is a donble-barrelled attack on the most loathed traits of Russia's two most recent leaders: Mr Yeltsin's reputation for heavy drinking, and Mr Mikhail Gorbachev's anti-alcoholism campaign.

Asked by an elderly professor in Novosibirsk if recent television pictures showing him holding aloft a glass of vodka meant thet "you, too, are an alcoholic". Mr Zyudrink considerably less than Mr Yeltsin, but a little blt more than Mr Gorbachev."
Tha use of the title "Mr", a foreign form of address in Russian and spoken by Mr

Zyuganov with an fronic inflection, is part of the emphatic nationalism which has become the Communist leader's central theme on the campaign trail. By describing Russia's current president

as Mr Yeltsin, Mr Zyuganov is underscoring his assertion that the president "is a western agent ... who has betrayed the interests of the country".

By contrast, Mr Zyuganov portrays himself as a committed Russian patriot, a point he emphases much more than traditional Communist or even social-democratic economic policies. Whereas Mr Yeltsin is seeking to define the race as a contest between "democracy" and "com-munism", Mr Zyuganov told Novosibirsk voters: "Today, the choice is very simple: either you are for Russia and Russians, or you are against them."

And while be pays careful homage to the traditional Communist idols, laying a wreath at the Lenin statue in every city he visits, the symbols of Russian nationalism have an ever more prominent place in his

At an open-air rally in the centre of Novosibirsk, Mr Zyuganov spoke beneath example.

a huge banner reading "The Orthodox Church for Zyuganov" and two icons were held above his head. As a warm-up act, a woman in a traditional embroidered blouse sang Russian folk songs. In his standard campaign talk, Mr Zyuganov has even taken to boasting that he has been endorsed by Father Vladimir, the spiritual leader of the fervently nationalistic Cos-

But despite Mr Zyuganov's best efforts to shift his party away from a no longer popular communist lideology towards a new creed - at a Novosibirsk press conference he answered a very specific economic question with a digression about the red flag and the weakening of the Russian state - he has failed to engage the new generation.

he politician who prafers to describe himself as "the candidate from the national-patriotic coalition" met a warm reception in Siberia, but his supporters were almost entirely middleaged. They are military men, profes-sors, doctors, blue-collar workers, but almost all of them are members of Russia's lost generation, whose past way of life has been shattered but which is too old to begin anew.

The support for Zyuganov will be great here, more than in European Russia. We have many people, blue-collar workers, people from the defence sector, who have lost their jobs and everything," said Mrs Svatlana Ivanova, a retired doctor and Communist party member in Krasnoyarsk. "But f don't think the young will support us. They have become carried away by business and such things."

Yet despite his visible failure in Siberia to attract the young votes analysts say he needs in order to win, Novosibirsk offered Mr Zyuganov ona source of solace. In gubernatorial elections held in the region last December, a Communist candidate, who had been far behind the pro-Yeltsin incumbent in opinion polls, won a surprise victory. Mr Zyuganov is boping that next week tha nation will follow the Siberian

#### EUROPEAN NEWS DIGEST

# Turkey awaits coalition's fall

Turkey's fragila conservative coalition looks set to crumble, after the True Path party of Mrs Tansu Ciller, the former prime minister, yesterday decided to vote against its coalition partner in a no-confidence motion expected on Saturday. MPs from True Path voted unanimously to support the opposition Islamist Refah party in the censure vote against orime minister Mesut Yilmaz of the Motherland party. The minority conservative coalition is not expected to survive beyond this weekend. The debate leading up to the vote begins

The decision came after Turkey's parliament voted to set up a committee to investigate the sources of the personal wealth of Mrs Ciller. Parliament bad earlier agreed to set up two other committees to investigate allegations of corruption against Mrs Ciller. If parliament accepts the committee findings, she will be sent for trial and become ineligible to return to office in January. Under a power-sharing deal agreed in March, when the coalition was set up to keep the Islamists from power, Mr Yilmaz was scheduled to hand over the John Barham, Ankari premiership to Mrs Ciller.

#### German telecoms reform agreed The liberalisation of Germany's telecommunications market moved a significant step closer yesterday when the post and telecommunications committee of the Bundestag, the lower house of parliament, reached agreement on details of the

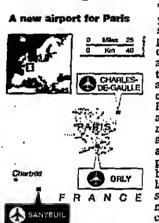
legislation.
Three controversial issues were settled by the committee. which includes parliamentarians from both the government and opposition parties. They agreed: the federal states should have e say in the future regulation of the market; telephone users should be able to keep their existing phone numbers when switching to new suppliers after the market is liberalised on January 1 1998; and telecoms companies should be able to use public rights of way for cables without charge. The post and telecommunications ministry said nothing now stood in the way of Bundestag approval of the bill, which will set the framework for operations by the soon-to-be partially privatised Deutsche Telekom and its potential private sector

#### Visa drops plans to ban rivals

Visa International, the credit card organisation, has dropped plans to prohibit its European member banks from issuing rival cards after a warning last week from Mr Karel Van Miert, European competition commissioner, that be could "not

Mr Van Miert's comment followed complaints from card operators American Express. Diners Clnb and Dean Witter Discover that Visa, an association of 19,000 member banks, was planning to extend to Europe an internal rule prohibiting its US members from issuing other cards, apart from rival Mastercard. Amex is keen to start issuing its cards through banks. A board meeting of Visa International in Montreal, Canada, yesterday discussed intensifying competition in the card industry and gave power to its operating regions to impose similar rules to that in the US. Neil Buckley, Brussels

#### Paris airport to be near Chartres



The French government yesterday chose a site 80km south-west of Paris for possible construction of the capital's third international airport. Ms Anne-Marie Idrac. the transport minister, said after a cabinet meeting the chosen location was at as suggested by a transport ministry committee. "At this stage we are not talking about carrying out the project, which is a possibility, but about buying up the land," a government north and north-west of tha capital, were candidates for the airport, intended to relieve congestion at Orly, 10km south of Paris, and Roissy-Charles de Gaulle, north of the capital. Reuter, Paris

#### Objection to Belgian bank deal The European Commission has told three shareholders in Banque Bruxelles Lambert, Belgium's fourth-largest bank,

that it cannot accept a joint control agreement signed last Groupe Bruxelles Lambert, the holding company, Royale Belge, the insurance company, and Crédit Communal, the publicly owned Belgian bank, signed the agreement last August to pool their stakes, totalling 37.25 per cent. and to adopt a joint policy towards BBL.

Bot the staff of Mr Karel Van Miert, competition commissioner, have ruled the agreement might stifle competition. They have written to the three shareholders giving them one month to rewrite it. Neil Buckley, Brussels

#### Lithuania open for foreign banks The central bank of Lithuania said it hoped foreign banks

would open branches in the country after parliament passed laws opening the market to overseas investment. Foreign banks can now open branches, buy shares in new banks or in those already operating. Several foreign banks already have representative offices in Vilnius: Polish banks Polska Kasa Opieki and Kredyt Bank, and Russia's Kontakt Bank. Britain's Royal Bank of Scotland also has permission to open an office,

#### Inflation edges down in Italy

Italian inflation Annual % change in CPI 60 -5.0 -1995

an annualised figure of 4.3 per cent against 4.5 per cent in both the previous two months. During May, consumer prices increased by 0.4 per cent compared to 0.6 per cent in April, according to Istat, the national statistics institute. The dip in consumer prices was in line with expectations but the level of inflation remains well above the European Union government projected that inflation would fall to 3.5 per

Italy's inflation rate declined

marginally last month to give

cent by the end of the year. But economists said yesterday that this was unlikely. The Bank of Italy has set a 4 per cent level as the benchmark for cutting interest rates, and last week Mr Antonio Fazio, its governor, insisted the government should aim for taking inflation below 3 per cent in 1997.

The poor April performance was explained by meat prices being forced up by consumers switching to white meats as a result of the BSE disease scare in beef. The figures also underlined the difference between inflation levels in the north Robert Graham, Rome

and south of the country, with Venice's prices more than twice ■ Belgian unemployment fell to 13 per cent in May from 13.4

# Hangover headache for Italy's parliament

Some 90 decrees from previous legislatures must be tackled, writes Robert Graham

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backlog of legislation is Without a cross party agreement, the first year of the 13th legislature since the second world war will be occupied almost entirely with legislative issues inherited from previous

parliaments. At the heart of the problem is the increasing use of the decree, by which governments can put legislation into effect pending parliamantary approval A decree takes effect as soon as it is published in the official gazette. Parliament has 60 days to convert it into law, after which it can be renewed

or allowed to lapse. The new parliament bas inherited 92 decrees (66 from the last government, headed by Mr Lamberto Dini) some of which involve public spending - a total of some L40,000bn

(£26bn) over three years. In an unusually forthright letter, President Oscar Luigi

"By their sheer number, these threatening to paralyse 1 ltaly's new parliament.

1 ltaly's new parliament.

1 ltaly's new parliament.

1 ltaly's new parliament. practice of renewing those not converted into law, the constitutional principles of the balance of powers is permanently undermined." Some decrees date back to

the Amato government of 1992-93. The oldest, relating to the reorganisation of ports, has been renewed 21 times. The resort to decrees is not e case of the executive trying to wrest power from the legisla-

ture. All political parties eccept it is a natural consequance of the difficulty of introducing new laws in a reasonable period of time.

Unlike other European democracies, Italy has a strict bicameral system with both houses of parliament enjoying similar powers. This means the normal path of a law involves a detailed committee examination in both houses as well as debate and draft changes on

The Vatican took its firmest and most explicit stand against the successionist Northern League yesterday, describing the movement that wants to split Italy as an arrogant group that could no longer be taken lightly, Reuter reports from Rome. The Vatican newspaper, L'Osservatore Romano, which has considerable political influence in overwhelmingly Catholic Italy, said it feared that verbal stands against the League were no longer enough to stop it. A split would have devastating consequences for the north as well as the south, it said.

The legislative process is so time-consuming that governments with alim majorities the case since 1992 - have found it increasingly hard to resist using decrees, especially in contentious areas. Controversial decrees tend to

be those most renewed because parliament cannot agree on the precise terms on which they should be converted into law. This is the case with decrees regarding reorganisation of the Rai state broadcasting organisation (renewed 15 times) and amnesties for tax evaders and Scalfaro has told parliament: the floor. Amendments in illegal building (12 times).

either house have to be accommodated with fresh readings.

The last parliament was confronted with 735 decreas, of which 514 lapsed and 10 were rejected. The 122 converted into law accounted for more than a third of the laws passed in that parliament. A cartoon in one of yester-

day's daily newspapers mocked the inability of parliaments to convert decrees into law by depicting a man on his deathbed attended by a priest. "I want to be converted," says the man. "Which decree are you?" asks the priest.

A meeting has been called of all the groups in parliament next week to try to tackle the problem. The aim of the centre-

tread warily because a decision to co-operate fully to resolve tha backlog of decrees could be seen as a precedent for co-operating on other areas, most notably the hudget. The main pressure for an agreement may well come from a common desire to head off

left majority is to strike a deal with the rightwing opposition to settle the most urgent

decrees at once. This would be

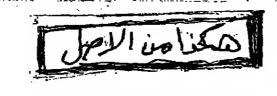
followed by legislation to speed

The opposition is likely to

the legislative process.

further referendums. These have become another tool to get round parliament's inability to legislate. Over the past decade, 53 issues have been put to a referendum; 35 since 1993. A further 23 are awaiting the go-ahead from the constitutional court. Speaking before the constitu-

tional court this week, President Scalfaro pointedly warned the "direct democracy" of the referendum should be the exception not the rule.



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# tion's fa Banks chase | EU snubs Albania | John dool for | after flawed poll ex-Yugoslavs

East Europe Correspondent

Leaders of the London Club of commercial hanks have launched an urgent attempt to win the agreement of the creditors of former Yugoslavia for a controversial phased debt deal with Bosnia-Hercegovina and

The banks are seeking back-ing for the first step of the deal by the beginning of next week in order to circumvent opposi-tion from rump Yogoslavia — Serbia and Montenegro which has already launched a legal action in London to try to block the banks' earlier deal

The London Club of around 350 banks and financial institu-tions is aeeking individual deals with each of the five states to have emerged from former Yugoslavia, which col-lapsed with debts to the commercial banks now totalling \$4.7bn, excluding interest.

The bulk of the debt, some

\$4.4bn, is covered by the so-called Naw Financing Arrangement (NFA), which was agreed with the London Club in 1988 and was the last debt restructuring deal made by Belgrada before the break-up of the country in

Detailed debt negotiations have not yet begun with either Bosnia or Macedonia, but the leaders of the London Club bave decided this week to press ahead with seeking creditors' approval for the release of both countries from the onerous "joint and several liability" clause in the NFA.

This clause effectively renders each of the successor states of former Yugoslavia liahie for the entire \$4.4hn NFA

Mr Mircad Kikanovic, Bosnian finance minister and Mr Rasim Omicevic, governor of the central bank, met officials of Chase Manhattan of the US which chairs the international co-ordinating committee of the banks in Budapest yesterday.

The president of the

international war crimes tri-

bunal for former Yugoslavia

has warned that the failure to

arrest indicted war criminals will scupper elections through-

out Bosnia planned for Sep-

tember, writes Laura Silber in

In an extract of a speech he

intends to deliver in Florence

next week as part of a review

of the Bosnian peace process, Judge Autonio Cassese of Italy

says: "Fair and free elections

are said to be the key to a lasting peace in Bosnia and

they will not be possible in an

environment pollnted hy alleged war criminals."

tribunal accuses the interna-

tional community of issuing a "licence to kill for future

tyrants" by allowing tha

They said that once released

from "joint and several liabil-

ity" Bosnia was "committed to

reach an agreement in princi-ple with the ICC and to com-plete a transaction with a 'crit-

ical mass' of international

The banks have set certain key conditions. They wish to reach an agreement in princi-

ple with Macedonia by the end

of October with a final debt

exchange in March 1997. For

Boania they are insisting on

agreement in principle by the end of June 1997 and a closing

Macedonia and Bosnia have

made their move at the elev-

enth hour, as the realisation

has dawned in both Skopje and Sarajevo that the banks' previ-

ous debt deals with Slovenia and Croatia could soon leave

rump Yugoslavia holding a

blocking minority of the debt.

which is taking on 18 per cent

of the NFA debt, will be imple-

mented next Tuesday, and the deal with Croatia, which is tak-

ing on 29.5 per cent of the debt.

should be implemented in mid-

The deal with Slovenia,

by the end of next year.

creditors in 1997".

accused to remain at large.

The president of The Hague

Belgrade.

By Marianna Sullivan in Tirana and Nell Buckley in Brussels

European Union leaders have dropped plans to visit Tirana during a tour of south-eastern European cities later this

The European Commission said yesterday the planned visit to the Albanian capital by Mr Jacques Santer, European Commission president, and Mr Lamberto Dini, foreign minister of Italy, which bolds the EU presidency, would be "inappro-priate" while the country's electoral process was continu-

The Commission also warned that any strengthening of the EU's commercial and economic co-operation agreement with Albania would depend on the evolution of the political situation". Proposals for a new agreement would only be submitted in the light of the international observers' report on the elections

Both the Commission and tha EU presidency yesterday reiterated their demand for a re-run of voting in regions where there had been electoral irregularities. But they stopped

national election.

party. Social Democratic party. Democratic Alliance party and the Damocratic Right Wing party told Mr Christos Papoutsis, the Greek European commissioner, there had been "Dagrant violations" of electoral law, and holding only partial elections would "legitimise the

[Sali] Berisha". Diverse elements of the Albanian opposition have now joined forces in the days since the elections to draw international opinion to what they call Mr Berisha's "coup d'etat".

totalitarian regime of President

But police and security forces have effectively countered demonstrations around the country this week, and there has been a heavy police presence in the capital since last week's violent clashes when several leading opposi-

tion figures were arrested. The new bope presented by the prospect of dialogue with the EU bas prompted the Socialists to call off a five-day bunger strike. Diplomats in Tirana believe there may be some degree of compromise, in Tirana alone.

of Albanian opposition leaders with the government agreeing visiting Brussels for a fresh to a partial re-run of the polls, national election. though there was no indication Leaders of the Socialist of the extent of such an exer-

> The Central Electoral Commission has so far called for re-runs in four constituencies. That was "clearly not enough for a compromise", said one

> Tirana diplomat "We are not going to accept any kind of compromise," Mr Neritan Ceka, the chahrman of the Democratic Alliance said before leaving for Brussels. "Wa play the role of mediator between Albanian people and the European Parliament." The Socialists and Social Demo-crats agree, stating that their goal is a new round of elections, or a boycott of the future

parliament The government continues to argue that the elections were fair and that any claims of irregularities would be decided

This is the proof of the stolen votes," said Ms Ermelinda Meksi, a Socialist MP, filpping though a folder thick with reports of election day violence, manipulation and irregularities from her constituency



# Nato seeks to bridge ambiguity gap

By Bruce Clark in Barlin

Rarely in Nato's 47-year history can a single, ambiguous slogan have been called on to bridge so many almost

unbridgeable gaps between nations.

The slogan is "command structure reform" and it refers to Nato's plan to transform itself into a lighter and more flexible defence system, not geared to any particular threat but able to act

quickly when dangers arise.
In simple terms, the 66 headquarters dotted across Nato's 16 members are to be replaced by a new arrangement that costs less and requires less armour.

At this week's ministerial meeting in Berlin, it became clear that the budgetdriven reform will be used to overcome Franco-American differences over Nato's future, to assuage Russian fears about enlargement, and to impress would-be members.

The circle-squaring task assigned to Nato planners over the next few

months was laid out in a communiqué whose finer points were haggled over by French and American diplomats until dawn on Monday.

France successfully insisted that the main elements of a command structure reform abould be settled over the next six months - though Nato officials caution that an "architectural model" of the alliance's future shape is the best that can be expected by December.

As part of their general overhaul, military experts have been told to identify "headquarter elements and command positions" that could be used for European-only operations.

Broadly, the US conceded that the potentially "European" parts of the alliance should be clearly identified. In return it won a promise that these forces would have a clear job description. But the translation of these ideas into practice will be a labyrinthine

Even without the US-French prob-

lem, the command structure change is complicated by the reluctance of nations that host Nato facilities to give

them up. Nato experts have sketched out two rough concepts for the reform, one involving a handful of regional commands, the other a "dense network" of smaller installations.

If efficiency were the criterion, the first idea would seem more promising - but would disappoint Nato's smaller members by leaving no facilities on

their soil. The planners will also have to bear in mind Russian demands that the alliance desist from transferring infrastructure eastwards - as well as the desire of candidate members for some credible indication that they could be

Western diplomats see some scope for reassuring Moscow over the amount of Nato personnel and equip-ment that would be transferred to the moments, Nato officials believe the managing of the US-European relation-ship within Nato might go hand in hand with the process of reassuring

At the heart of the revised transatlantic partnership agreed in Berlin is the proposal to establish mobile headquarters from which ad boc missions known as Combined Joint Task Forces (CJTF) could be run. Once the CJTF concept is functioning, there would be less need to deploy permanent com-mand structures eastwards: new members would feel more certain that they could be defended and Russia need not feel encircled by Nato bases.

Observers say Moscow's reaction to this argument will provide a cine to its real reasons for opposing enlargement: is it fear of having Nato armour on its doorstep, or is it simply the fact that its former satellites' integrity would be formally guaranteed?

# Veba's stake in **Bremen** utilities opposed

By Judy Dempsey in Berlin

Germany's cartel office anxious to open the eoergy sector to more competition, yesterday challenged the acquisition by Veba, the industrial conglomerate, of a 34.9 per cent stake in Bremen's public utility company.

But Veba, which last year bought the stake for DM350m (\$230m), said it would immediately appeal to the region's

higher court of appeal. The cartel office ruling comes as the city councils are partly privatising the Stadt werke - their utility companies which distribute electricity, gas and water - to raise revenue to relieve budgetary pres-

The decision to block Veba's stake is seen as a test case for mergers and acquisitions involving the utilities. Victory for the cartel authorities could stop Germany's nine main electricity companies from deepening their regional supply and distribution monopolies.

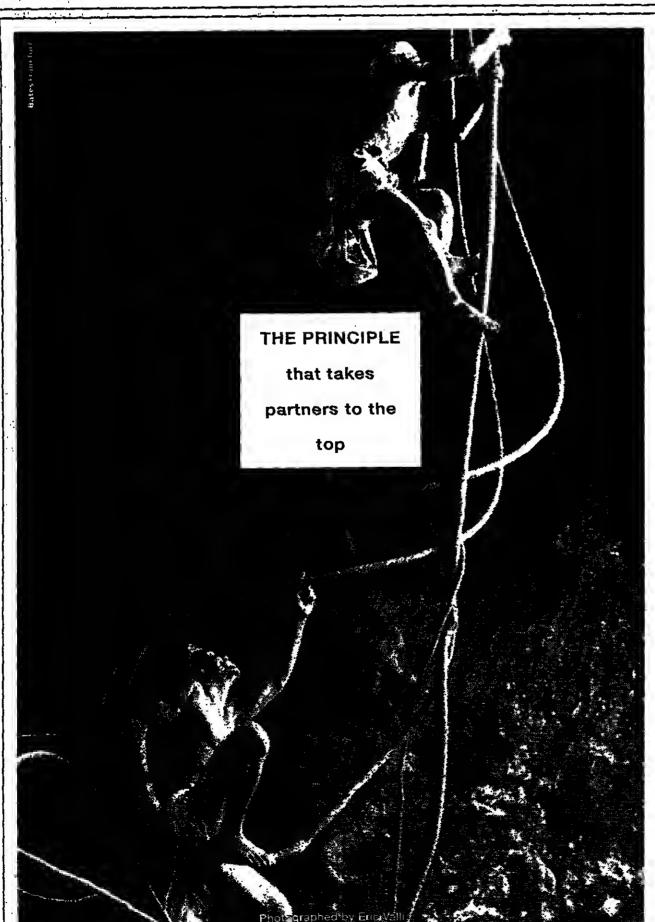
It could also lead to more competition and transparency, exposing links between companies which buy stakes in the public utilities and the regional energy monopolies.

Mr Kurt Markert, bead of the energy department at the cartel office, said Veba's influeoce in Stadtwerk Bremen (SWB). Bremen's public utility company, would go beyond its 24.9 per cent stake - and beyond the Bremen region itself.

Veba has extensive links with the main energy suppliers in that part of northern

Cermany. Most of corth Germany's energy is supplied by Preussen-Elektra, the 100 per cent-owned electricity subsidiary of Veba. Veba has other indirect interests in the region through stakes held by PreussenElek-

Veba shrugged off any sug-gestions it would have to pull out of SWB. "We are optimistic about the outcome of the court



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# McDonnell Douglas strike

About 6,400 union employees at McDonnell Douglas went on strike early yesterday after contract negotiations with the acrospace company failed.

Members of the International Association of Machinists and Aerospace Workers District Lodge 837 picketed the company's headquarters in St Louis, Missouri. On Sunday, the union machinists rejected McDonnell Douglas' proposed four-year labour contract. A three-year contract covering about 6,400

workers at the company expired on May 19.

The president of the lodge said McDonnell Douglas did not respond to the union's offer to accept lower wages. Union officials said that job security and job mergers were key issues in the talks with the company. Reuter, St Louis

#### **US Navy chief nomination**

Admiral Jay Johnson has been chosen as the next chief of US naval operations, replacing Admiral Jeremy Boorda, who committed suicide last month, Mr William Perry, defence

secretary, announced yesterday.

President Bill Clinton will nominate Admiral Johnson for Senate approval to the navy's highest job, Mr Perry said at a news conference during a European trip.

Mr Perry recommended Admiral Johnson for the post to

rejuvenate morale in the wake of a series of setbacks ranging from the Tailhook sexual harassment scandal to a string of aircraft training accidents and Admiral Boorda's suicide on

The admiral, e former fighter pilot with 28 years in the navy, got his fourth star as a full admiral just two months ago when he was elevated to the post of vice chief of naval operations under Admiral Boorda – making him the navy's Reuter, Lisbon second-ranking uniformed officer.

#### More defence spending backed A key US House committee yesterday approved an \$11bn increase in defence spending for next year, despite a White

The appropriations committee approved a \$245.8bn defence appropriations budget for the fiscal year beginning on October 1. The committee cut \$770m from President Bill Clinton's proposals, eliminating one of four Aegis-class destroyers as well as ship loading equipment. But it added other items and programmes the Pentagon had not included in the Clinton budget.

Most of the proposed increase - more than \$9bn - would go to increased weapons purchases and research.

The White House budget director, Ms Alice Rivlin, said in a letter to the committee's senior ranking Democrat yesterday that the proposed increase "will not contribute materially to the currently high levels of military readiness". She added

included in the Pentagon's long-range plans. AP, Washington

## Brazilian output rises in April

that much of the proposed increase went for weapons not

Output by Brazilian industry grew 2.6 per cent in April over March, the first positive result of the year, the National Statistics Institute said. But output fell 2.5 per cent against April 1995. The cumulative index of the last 12 months was also down 4.9 per cent against a fall of 3.9 per cent in March.
The accumulated drop in industrial output is now 9.1 per
cent in the first quarter of this year compared with a fall of 7.5
per cent in January to April 1995, it added. Some 16 of the 20
sactors covered in the survey showed increases in output in

Reuter, Rio de Janeiro

# Citibank says it is not a target of Justice Department's Raul Salinas investigation US banks face money-laundering probe

By Richard Waters in New York

The U\$ Justice Department has launched an inquiry into whether the US banking system was used to launder money by Mr Raul Salinas, brother of former Mexican President Carlos Salinas.

The inquiry comes on top of investigations already under way in Mexico, the UK and Switzerland, set up to determine the source of more than Swiss and UK bank accounts, and whether the money was transfered

out of Mexico illegally. Citibank, the US bank which han-

dled many of the transfers for Mr Raul Salinas, said yesterday that it "continues to co-operate fully with authorities in this matter". Officials et the New York-based bank maintained, however, that Citibank was not itself a target, or focus, of the inquiries. In a statement, it added that it had complied with all laws in its dealings with Mr Salinas. It is an offence for e bank to transmit money if it knows that the cash came from an illegal source.

Mr Raul Salinas is in jail in Mexico, charged in connection with the murder of Mr José Francisco Ruiz Massieu, a former leader of the ruling Institutional Revolutionary party

He has also been charged with "illicit enrichment", a broad allegation embracing a wide range of poten-tial abuses. Accusations have ranged from claims that the money was the

Also, banks must satisfy themselves about the source of large amounts of money that they help shift across bornamer that they help shift across bornamer that it was paid by people looking to buy favour with the once-powerful Salinas family.

The US Justice Department could

only consider bringing money laundering charges if the money was found to have been made illegally, for instance in the drug trade. Mr Salinas has maintained that he earned the money from "business deals with Mexican entrepreneurs".

Late last year the British authorities asked Citibank to block \$22.7m in

The US bank also continued yesterday to stand behind the New Yorkbased manager who was primarily

responsible for handling Mr Raul Sali-nas's accounts et the bank. Ms Amy Elliott has worked for the bank since 1967 and "continues to be an employee in good standing", Citibank said.

lt added that she remained employed in the bank's private banking unit, which handles the accounts of its wealthlest customers.

# Voters unmoved by Whitewater

The Whitewater affair does not appear to be much eroding President Bill Clinton's solid lead over Senator Robert Dole in the race for the White House, according to e clutch of new public opinion polls. The latest New York Times/

CBS News survey, published yesterday and giving Mr Clinton a 54-35 per cent lead among registered voters, even repre-sents e fractional improvement for the president over the previous poll.

The latest Newsweek survey

found the lead unchanged at 17 points (49-32 per cent), with both men down 3 points each over the span of s month. Most national polls seem to have settled into a Clinton edge of 14-20 points, also typically his mar-gin in several key big states. Both this week's polls were taken after Mr Clinton's former business partners in the Whitewater real estate venture and his successor as governor of Arkansas were found guilty on multiple counts of fraud.

Those verdicts appeared to give new life to the wide-ranging Whitewater investigations of Mr Kenneth Starr, the special counsel, and congressional committees, raising the pros-pect of further nasty surprises for the president before the November election.

Late on Tuesday e federal judge in Arkansas ruled Mr Clinton must testify, by video-

in the next Whitewater-related court case starting in Little brought fraud charges against two local bankers, Herbert Branscum and Robert Hill, involving, among other items, alleged illegal diversion of funds to Mr Clinton's gubernatorial election campaign in

Simultaneously, Senator Al D'Amato of New York, chairman of the Senate special committea, announced, to some predictable fanfare, that the FBI had found the fingerprints of Mrs Hillary Clinton on the missing billing files of the Rose Law Firm which eventually turned up in the White House family quarters.

But hers were not the only prints found and the FBI con-ceded it could throw little light on the fate of the files during their two-year disappearance. Another of the six identifiable sets belonged to the late Mr Vince Foster, the former White Vince Poster, the former white House legal counsel and pariner, along with Mrs Clinton, in the Rose firm, who committed suicide in 1993. Mr D'Amato also wants Mr David Hale, the key prosecu-

tion witness in the trial of Mr and Mrs Jim McDougal and Governor Jim Guy Tucker, to be in closed session. The polls show beightened testify in front of his commitpublic interest in Whitewater but no inclination to make it a big factor in the presidential tee in the next two weeks. Mr Starr has agreed to this but committee Democrats yesterrace. The New York Times/ day baulked at giving Mr Hale



leave court in Arkansas, after winning an order that President Clinton testify in Branscum's Whitewater-related trial

the immunity from further prosecution Mr D'Amato seaks. Any appearance therefore may

ing the state of the economy. It also confirmed a shift in favour of the Democratic party, whose candidates for Congress were-now favoured by 45-38 per cent over Republicans. Mr Dole seemed to have received no boost by announcing his resignation from the Senate.

top of public concerns, replac-

# Argentina to go on with N-plans

Argentina is pressing ahead with the controversial privati-sation of three nuclear power nuclear waste dump in spite of protests by opposition politi-cians and environmentel

groups. The Peronist administration, which used its congressional majority to win authorisation of the sale in e joint committee of deputies on Tuesday night, wants to sell the plants as quickly as possible

On offer will be two completed plants, the 335MW Atu-cha I, designed and built by Siemens of Germany in the 1970s, and the more modern 650MW Embalse plant built by Atomic Energy of Canada. The unfinished Atucha II plant, 100km north of Buenos Aires, requires an estimated invest-

ment of \$600m-\$700m. "Tha law contains serious contradictious and important dangers for the future," said Mr Juan Pablo Baylac, e Radical deputy. The Peronist party had pushed through draft legislation without proper discussion, an unforgivable tactic given the "strategic impor-tance" of the issue, he said.

"The opposition is very angry with the manner, the form and the procedure with which the Peronists have dealt with this issue. They are primanipulation of nuclear products with no type of control

and without proper environ-mental safeguards," be said.

As well as the sale of the three plants, legislation pro-vided for the crestion of e nuclear dump, possibly in the Patagonian province of Cbubut. Chibut recently amended its constitution, expressly forbidding the storage of nuclear waste. The intention was to store not only Argentine waste, but also that from other

countries, said Mr Baylac. The government, which has abandoned investments in Atucha II. will try to privatise the three plants together, providing the concessionaire with cash-flow from the two working plants to complete Atucha II. Argentina, which began a comprehensiva nuclear programme in the 1950s, bas invested an estimated \$3bn in the sector.

Mr Domingo Cavallo, econ-omy minister, admitted that the sale would be difficult, but said there had been significant interest from European and North American companies. Canadian groups, primarily interested in Embalse, in Cordoba province, have tried to persuade the government to sell the plants separately. Atucha I, with a less common design than Embalse and in need of an estimated \$150m refit to extend its life by 10-15 years, is e less attractive prop-

#### NEWS: INTERNATIONAL

#### INTERNATIONAL NEWS DIGEST

# Action urged on risk management

Banks and securities firms should co-operate to pool data used for so-called "value at risk" computer models, used to manage their exposures to adverse movements in the markets, e report

published yesterday recommends. Commissioned by the International Securities Market Association (Isma), the eurobond market regulator and industry body, the report assesses the state of risk management practice in the wake of the collapse of Barings

It says that banks and firms are incurring substantial costs in making sure that the sets of market data needed for their value at risk (VAR) models are complete, consistent and reliable. At the same time many firms are reluctant to become dependent on Riskmetrics, a proprietary product developed by JP Morgan, the US bank. The report therefore recommends that a data-cooperative -

owned by the banks - should be created to provide regulatory Richard Lapper, London

## Protests over Nigerian killing

Thousands of Nigerians demonstrated yesterday in protest et tha killing of the wife of the jailed presidential claimant Chief Moshood Abiola. Mrs Kudirat Abiola, 44, senior of Abiola's several wives, was shot in the bead at close range by unidentified gunmen as her car passed along s Lagos street on

Military ruler General Sani Abacha sent a letter of condolence to Chief Abiola's family with e high-powered delegation led by chief of army staff Major-General Ishaya Bamaiyi and including eight ministers. "It is with great shock that I received the news. . .the federal government will do everything within its power to unravel the mystery of Kudirat's death," the letter said.

Mrs Abiola was a prominent figure in the campaign to secure the release of her bushand and to install him as

# West faces pesticide disposal bill

The western world will heve to foot the bill for disposing of up to 100,000 tonnes of highly toxic pesticides held in developing countries, the United Nations' Food and Agriculture Organisation warned yesterday. The chemicals were provided by western aid agencies to combat pests such as locusts and mosquitos in developing countries. But they are now obsolete and causing health and environmental hazards.

The FAO estimates it will cost \$100m to dispose of up to 20,000 tonnes of pesticides in Africa - there are no facilities for disposal in developing countries and no funds available to pay for it. Burning the pesticides in incinerators is the only safa form of disposal, the FAO says. Deborah Hargreaues, London

## City crime 'deters investors'

Mr Wally N'Dow, secretary general of the United Nations' Habitat II city summit, warned yesterday that many cities in the developing world were slipping into lawlessness, jeopardising their chances of attracting the investment needed to overcome poverty. Mr N'Dow said: "If [developing country] cities do not work, no one will invest in them. This is s message to those people who want investment, to make sure your urban centres function. Law, services, communications [should] work so that you do not have massive crime."

He did not mention cities by name, but several Asian, Latin American and African big cities such as Manila, Nairobi and São Paulo suffer widespread violent crime such as theft. murder and kidnapping.

# Business holding its breath for Netanyahu

Cabinet appointments will be the lerael: Netanyahu's inheritance first clear signal of economic direction, writes Julian Ozanne

r Benjamin Netanyahu, Israal's prime minister, has his work cut out to calm investors ded by 7.1 per cent and inflation fell to 8 per cent. But urgent steps are needed to curb e reverse of the inflation

and keep Israel's rapid economic growth on track. In the immediate aftermath of his electoral victory last week he moved quickly to assure nervous financial mar-kets. He promised to extend aconomic liberalisetion, curb inflation and taka measures to

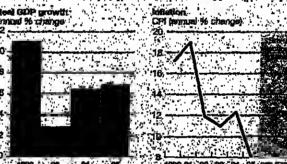
enhance foreign investment. His statements were enough to convert initial panic among investors and businessmen into cautious wait-and-see. But, as with all his pronouncements, it is not clear what precisely Mr Natanyahn has in mind. "Wa are in a period of uncertainty," said Mr Gad Haker, head of Batucha Securities' international department. "Netanyahu has shown he can talk the talk but now he has to show us he can walk tha

The next few weeks will be crucial. Mr Netanyahu inherits a growing economy that has benefited substantially from new trade and investment flows and an influx of new immigrants. Last year unemployment fell to 6 per cent from 11 per cent five years ago, gross domestic product expan-

trend, trim government expenditure, halt a widening current account deficit, control public sector wages and speed-up pri-

Furthermore, Mr Netanyahu must prove that his policies will not return Israel to confrontation with its Arab neighbours. This would make the political risks of investing in Israel too high for many. The first clear indication will come when Mr Netanyahu completes his complicated coalition negotietions and names his cabinet. Although he has 45 days to form a government his aides said he might finish the process by

June 17 when the new parliament is due to convene. The outcome of the coalition haggling will be critical for the economic policy and the peace process. The overwhelming economic priority is to cut the budget deficit to ensure that Israel meets its target of 2.5 per cent of GDP this year. Current estimates suggest the budget deficit is running at 3 per cent of GDP on an annual basis. A spending cut of Shk3bn-Shk4bn (\$900m-\$1.2bn) is vital to meet



the target. This would also make it easier for the central bank not to have to raise its key lending rate, currently 15.5 per cent, in the face of resur-

gent inflation, projected at 13-14 per cent. But Mr Netanyahu's coalition partners, particularly the religious parties and tha new immigrants, are demanding large pay-offs from the budget to reward their constituencies. Furthermore extremists want an immediate resumption of subsidised house-building for Jewish settlements in the West Bank. If the prime minister-elect gives in to these demands the budget will be blown off

Critical to the government's economic direction is who will be the finance minister. Mr Ariel Sharon, a hardline ultranationalist reviled in the Arab world, has demanded the Trea-

1990 91 '92 '93 '94 95 95 97" sury. The business community is unanimous that such an appointment would be disastrous, particularly on foreign investment, and has over-

whelmingly signalled its pref-erence for Mr Dan Meridor, e moderate Likud party insider. The financial markets want Mr Netanyahn to re-appoint central bank governor Mr Jacob Frenkel admired for his tough monetary stance in the face of high inflation. Equally critical are appointments to big spending minis-tries of housing and defence.

Many economists believe Mr Netanyahu, Israel's first directly-elected prime minister, will surprise his critics by using his new powers to resist extertion-ate demands and show sensitivity to Israel's image abroad. But few think he will do enough to prevent an economic

Net fareign direct invest

the best possible interpretation of the impact of Mr Netanyahu's policies on Arab neighbours, forecasts are for a slowdown in economic growth to around 4 per cent in the next two years. "I don't think that is such a bad thing given the excess demand in the econ-omy," said Mr Jonathan Katz, senior economist at Capital Holdings consultants. "How many years can we grow at 7 per cent without any slack in the labour market?"

East peace-making currently

However, according to Mr Ron Lubash, managing direc-tor of Lehman Brothers Israel, whatever happens to Middle East peace the domestic economy will continue to be driven by new immigrants from the former Soviet Union, currently arriving at about 70,000 a year.

Furthermore, Israel's export

are off," said a senior banker.

and the Palestinians said yesterday they expected Israel's new prime minister to soften his hardline stance on peace once in office, AP reports from Agaba.

King Hussein of Jordan. Egypt's President Hosni Mubarak and Palestinian leader Yassir Arafat said after meeting in the Jordanian Red Sea resort of Aqsba that the election of Mr Benjamin Netanyahn posed a challenge in danger of collapse.

sector is increasingly insulated from the peace process and, he says, many new export markats that opened with the peace process - such as India. Burma, China, eastern Europe and Japan - will not close

Tha high-tech economy everything from software to telecommunications - has been e big part of recent growth and is insulated from the political geography," be said. "Many high-tech compa-nies do the bulk of their business overseas, mainly in the

US." There is nonetheless e much more pessimistic scenario lurking in the wings: it is of an Israel heading to violent conflict with its neighbours. "The nightmare is a return

to the days of the 1982 invasion

# S African TV group tunes | Murders lead Red Cross

By Mark Ashurst in Johannesburg

A South African pay television company is to install free satel-lite receivers in the homes of the country's 490 MPs and senators before they draft regulations for the industry.

The company, Multichoice, will also waive subscription fees estimeted at R1m (\$230,000) a year. The move has been approved by parliament's ethics committee, although it conflicts

with the position of the

government-appointed Inde-

pendent Broadcasting Author-

ity which has refused similar

offers from Multichoice. Multichoice denied it was trying to win favour from politicians before new broadcasting legislation was completed. "Our objective is to educate politicians. This is an immature regulatory anvironment...we want to give deci-

sion-makers better eccess to

information and belp them understand the new technology," the company said.
The 16 channel digital service includes CNN, BBC World, CNBC. Sky and Bloomberg TV news and a selection of radio

installed at the government's request and it remains our property."
The Independent Broadcast-

ing Authority is currently investigating the terms of the broadcasting licence granted in the apartheid era to Multichoice's South African associate company M-Net, which broadcasts a conventional terrestrial pay-TV service.

Analysts noted that M-Net had donated equipment to MPs in the last parliament. "They have a history of political patronage and MPs might legit-

# into MPs' satellite needs to halt Burundi operations

By Michela Wrong

The International Committee for the Red Cross (ICRC) yesterday suspended all operations in Burundi and other aid agencies caucelled trips outside Bujumbura following the murders of three Swiss ICRC employees in the north-west of the country.
The deaths mark a further

escalation in Burundi's spiralling civil war, now estimated to be claiming 1,000 lives a month. They are bound to undermine efforts to find a under the auspices of former Tanzanian president Julius

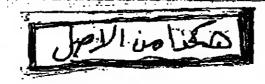
An ICRC spokesman in Natrobi said the aid agency, one of the fsw still running operations in Burundi's trou-hied provinces, was reassess-ing the security situation fol-lowing the deaths of the three men, killed when unidentified guninen on Tuesday opened fire on their four-wheel-drive

Non-governmental aid organisations will today meet to discuss implications for news services. "This is not for imately ask why they should negotiated solution to the crientertainment and it is not e gift. The equipment is to be white predecessors," said one. Tanzanian town of Mwanza said Mr John Myers, Oxfam's

representative in Burundi. "No one can understand wby this has happened to the best and most professional humani-

tarian agency."
The men, whose vehicle was clearly marked with the Red Cross emblem, bad gone to Cibitoke to discuss water dis-tribution. Some 60,000 people in Cibitoke, ruled off-limits by other agencies, rely on ICRC tankers for supplies of fresh

As the violence in Burundi has increased, neutrality has become harder to maintain. The rebels have accused the ICRC of colluding with the



# Software blamed for rocket fail

By David Owen in Paris

Arianespace yesterday insisted that Ariane 5'a first commercial flight could still go ahead in January as scheduled, and said a computer software problem was responsible for the failure of the rocket's maiden

Mr Daniel Mugnier, launch operations director for the Centre National d'Etudes Spatiales, the French space agency, said preliminary data suggested computers had sent wrong information to the

causing it to change direction and break apart

A commission set up to investigate the accident will report by mid-July. But officials indicated the problem was not as bad as might have been feared.

"We could have feared an incident on the propulsion system, but that does not appear to have been the case," said Mr Yves Le Gall, a French space agency official. "We are rather confident, as an electronic system is not the propulsion system and does not need costly

He added: "This is not a disaster, but rather an incident. It will not delay the second mission for a long

This second mission, originally scheduled for September. will, like the first flight, carry a non-commercial payload. Thereafter, Arianespace - the France-based organisation that has more than 50 per cent of the world market for commercial satellite launches - plans to operate the new rockat alongside its successful predecessor, the Ariane 4, for a transition period of three years.

insisted that its plans to launch 18 satellites in 1997 would not be affected even if tha Ariane 5 was not ready as soon as expected.

"The objectives of Ariane 5 are still the same," said Mr Charles Bigot, Arianespace's chairman, underlining that the company's commercial launch plans for 1996 were not affected by Tuesday's explosion since only Ariane 4 flights were

Senior French politicians, including President Jacques Chirac, meanwhile voiced their

programme. Earlier this year.

Asiasat, the Hong Kong-based

satellite consortium, opted for

a Russian Proton rocket to

ane programme. "I am at their side, sharing their disappointment today, just as tomorrow I will share their pride when Ariane 5 is

The French Space Agency's Mr Le Gall said the accident would not result in Europe pulling out of space. "Europe cannot abandon the conquest of space," he said. "We will continue developing the rockets that we need to launch big communications

been destroyed on the launch

pad and another exploded 20

seconds after launch in Febru-

ary. The Russian satellite

Arianespace yesterday continued support for the Ari-Daimler-Benz Aerospace (7.58%)Space (UK) • completely ready," Mr Chirac (1.89%)Europropulsion (7.77%) de Propuls

Ariane 5

Aérospetiale

Main contractors

Industrial architect

Incorporated in 1960, Arianespace has 53 European sbarebolders, most of them aerospace manufacturers and

engineering companies. Some of the sbareholders help huild the Ariane rockets. The Ariane 5 design is a radical departure from previous Ariane series rockets with its single central cryogenic motor hurning liquid hydrogen and liquid oxygen and two large solid-fuel strap-on boosters.

Ariane 5 was designed to maintain western Europe's lead in launching heavy satellites and can launch satellites of 6.8 tonnes and donble satellite payloads totalling 5.9 tonnes. Work is under way to increase the rocket's lannch capacity by more than a tonne by 2002.

# **Insurers** may raise premiums

**Oerikon Contraves** 

(2.32%)

By Ralph Atkins, Insurance Correspondent

The Ariane 5 rocket failure caused reverberations in the international insurance market yesterday, even though it was not insured and the loss will be borne by the European Space Agency. After Tuesday's disaster underwriters are likely to take a more careful approach to commercial launches anywhere and insurance preminms may risc.

The European programme has a relatively good reputation among satellite under-writers. If they have got it wrong, we're going to be that much more cautious," said Mr Simon Clapham, underwriter at Marbam Space Consortium at Lloyd's of London. On the other hand, the Ariane 5 failure migbt persuade backers of future launches to take out more insurance.

A wider issue for the insurance industry is the huge payload of the Ariane 5. It can carry cargoes with a total insured value of around \$550m and as the total capacity of the space insurance market is estimated at around \$630m, most space insurers would have to take part in programmes for a commercial launch.

# Arianespace confident of fending off rivals

By John Thornhill and David Owen in Paris

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The disastrous test launch of the new Ariane 5 will cause an inevitable delay in the European Space Agency programme, but does not necessarily mean that Arianespace will lose its dominance in the £1hn-a-year launch market. Arianespace can fall back on the excellent launch record of the more conventional Ariane 4 rocket on which it has built

its success while the Ariane 5 delays in the Ariane 5 proprogramme is salvaged and . rescheduled.

Arianespace has launched 86 Ariane rockets since 1988, of which 58 have been on Ariane 4 rockets. On June 14, Arianespace is to launch an Intelsat satellite on an Ariane 4, and one or two launches every month are scheduled for the rest of the year.

However, the Ariane 4 will be obsolete within 10 years as payloads get heavier and any gramma will give a host of competitors an opportunity to advance their share of commercial satellite launches.

The number of global launches a year is expected to stay at around 30 until the year 2000, according to market forecasts. Jostling with Arianespace for a share of this market are US. Russian, Chinese. Japanese and Indian launchers which may reap soma benefits from the delays in the Ariane 5

March rocket blew np. The move, motivated by the avail-ability of launch slots, marked the first time that Asiasat did not use a Chinese rocket. Arianespace's competitors have also bad their fair share of setbacks. Two of China's

laumch its Asiasat 3, after a launch programme has been new-generation Chinese Long experiencing problems of its own. Last month a Soyuz-2 rocket carrying a military sat-ellite exploded minutes after launch. Two months earlier, a modified SS-25 rocket also exploded on take-off destroying three communications satellites from Russia, Israel, and Long March launchers have Mexico.

# Beijing reacts to **US** drive on piracy

By Tony Walker in Beijing

Mr Lee Sands, the US assistant trade representative, arrived in Beijing yesterday for talks aimed at averting US sanctions over Chinese abuses of intellectual property rights.

Mr Sands' arrival in China coincided with Beijing's announcement it had launched a fresh crackdown on pirate producers of such items as compact discs and computer software.

The US has threatened to impose punitive tariffs on \$2bn worth of Chinese imports if it does not uphold a February 1995 agreement to counter plracy. Beijing has said it will retaliate with tit-for-tat sacctions on American

products. official Xinhua newsagency said a drive to eradicate copyright piracy was being linked to the "Strike Hard" campaign against crime. Enforcement efforts were being concentrated in southern

Guangdong province in southern China, where counterfeiting is rife. "The focus for the remaining seven months of the year will he a crackdown on pirated goods and copyright theft in the audio-visual field, as well as the manufacture and sale of pornographic material,"

The news agency also said companies operating compact disc and CD-Rom businesses must re-register their activities hefore July 31, and a nationwide investigation of the electronic publication market would be launched soon.

US officials refused public comment on Mr Sands' discussions bot privately they are cautiously optimistic that agreement can be reached on implementing the 12-month-old agreement to counter piracy. The US has presented China with a "road map" outlining steps required to avoid a trade war, including the closure of factoriea engaged in the counterfeiting.

is Washington also demanding that China tighten customs procedures against the export of pirate items such as CDs. CD-Roms, and video cassettes, which are pouring into Hong Kong and other Asian centres.

Washington has given China until June 17 to comply with the agreement. In past trade disputes the two sides have achieved compromise at the lust moment, and this year appears to he following a

familiar pattern. But US busioessmen and trade officials fear that testy Sino-US relotions over such issues as Taiwan, human. rights and arms proliferation

will complicate matters. Mr Mickey Kantor, the US commerce secretary, said in a speech on Tuesday the US was looking for China to take decisive action against

copyright theft. We want clear, decisive, concrete action on the part of China to implement this intellectual property rights agreement," Mr Kantor told the National Press Club. "It is not only in the

interests of the United States, it is in the interests of the rest of the world and in the interests of China."

# Indonesia tries to mollify car critics

By Manuela Saragosa in Jakarta

The Indonesian government has watered down its national car programme following fierce criticism from foreign vehicle manufacturers.

The controversial national car programme exempts Timor Putra Nasional, a company owned by President Subarto's youngest son, from import duties and luxury sales tax to develop a "national" car -christened the Timor - in co-operation with South Korea's Kia Motors.

Now, a new regulation will remove luxury sales taxes -averaging about 20 per cent from con ierciai vehicles a cars of 1,600cc or less provided local content is at least 60 per

The move is viewed as an attempt to defuse the criticism, particularly from the Japanese, who dominate Indonesia's car market. Tokyo said last month the national car policy breached Indonesia's commitments under the World Trade Organisation.

"It'a a face-saving measure. What they're doing is backtracking gracefully," said a Jakarta-based analyst.

No vehicles manufactured to local content requirement. However, Astra International. Indonesia's largest manufacturer, which works with a number of Japanese manufacturers, produces vehicles with more than 40 per cent local cootent and expects to meet tha 60 per cent requirement

Astra manufactures Indonesia's most popular vehicle, the Kijang, in a joint venture with Japan's Toyota, and the van has 51 per cent local content.

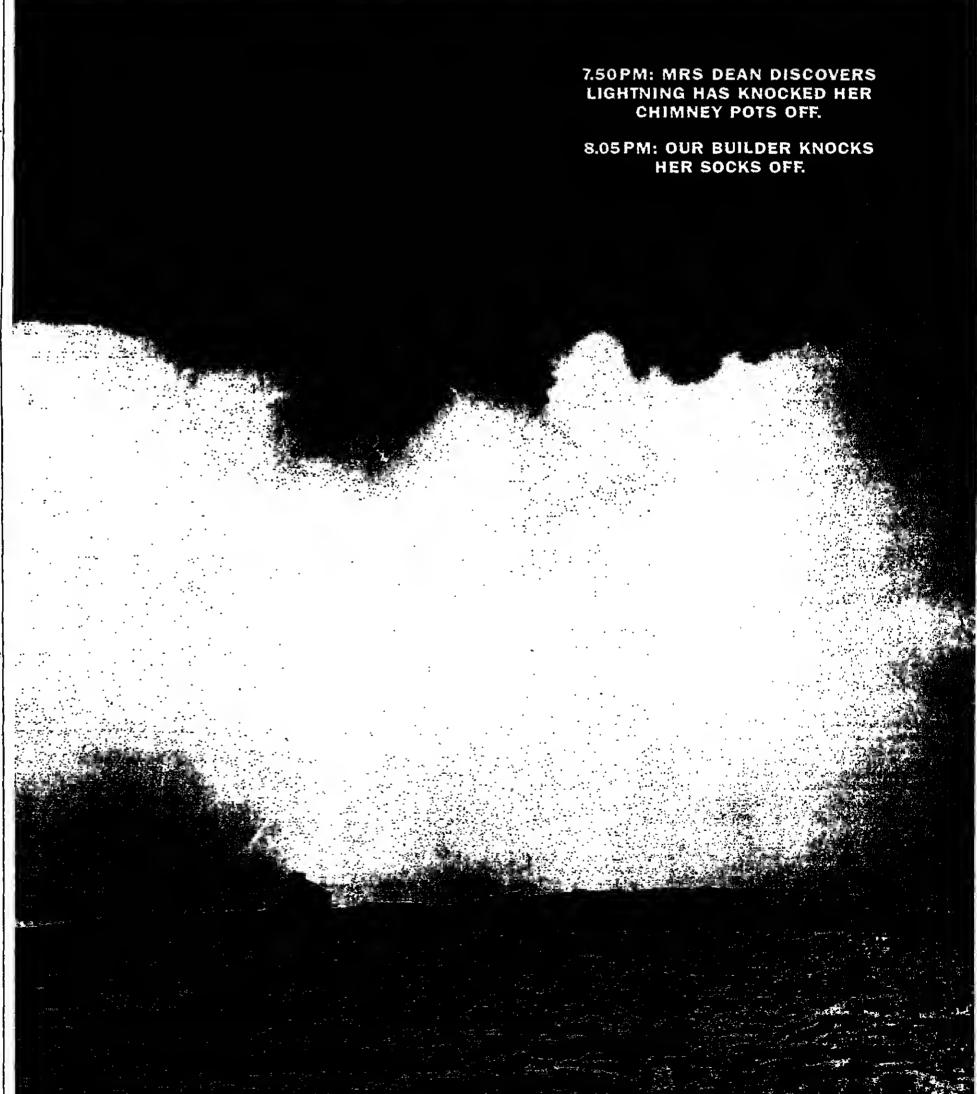
Analysts estimate the Kijang will increase its local content to 60 per cent within three years. Under the national car policy, the Timor must have 60 per cent local content in its third year of production to continue to qualify for tax and import duty breaks.

That will allow the Kijang to compete eventually with the Timor on an equal basis. The Kijang is already exempted from import duties on components because it meets a 40 per cent local content require-

Another amendment to the national car programme will allow the Timor to be produced in South Korea in the first year because Timor Putra Nasional has not found any assembly plants in Indonesia to do the job.

Mr Tunky Ariwibowo, the minister for trade and industry, said Indonesian workers would be sent to South Korea to manufacture the Timor modelled on Kia Motor's Sefia - and that Timor Putra Nasional would be allowed to import up to 45,000 complete cars from South Korea tax-free for the Indonesian market this

year. Indonesia has unveiled a fresh deregulation package which eliminates import surcharges on a range of products and refines the tariff reduction schedule announced last year in compliance with its commitments to free trade agree-



Who says lightning never strikes the same place twice? Earlier last year a builder retained by Guardian Direct performed a spirited impression of grease lightning when he arrived at a cottage, which had been damaged in a thunderstorm, only fifteen minutes after the incident was reported.

The arreazed owners, who had only signed up with us five days earlier, were delighted when we agreed their claim on the spot, paying all the bills direct. Proof, if proof were needed, that we'll always try to settle your claim in a flash. BETTER INSURANCE FOR THE WORLDLY WISE



Who in Japan picks up the bill for the collapses is the question that really matters, says Gerard Baker

financial collapse for Japan's tormented authorities to deal with. The failure on Monday of Sbin Kyoto Shinpan, a finance house crippled with dehts of around Y350bn (\$3.2hn), came as an inconvenient reminder of the continuing fragility of the banking system.

bankruptcy in Japan since the second world war and added another loop to the Gordian knot in the centre of that sys-

The timing was excellent. though, from at least one perspective. It concentrated attention on the imminent climax to the government's protracted Also, it pointed up the limited nature of those much vaunted remedial efforts.

Later this week, the Japanese parliament will be asked to vote on a series of bills put forward hy the government, chaos of the past year, they are system. But very little evi-

By Laura Tyson in Taipei

Taiwan's newly elected

President Lee Teng-hul yester-

day moved to reappoint his premier. Mr Lien Chan, despite

criticism by opposition parties.

Mr Lien as premier violates the

country's constitution, as he is

also vice-president and this concentrates power in the

There is also debate on

wbether his appointment must

be confirmed by the Legislative

Yuan, or national legislature.

Mr Wu Pob-hsiung, presiden-

tial chief of staff, argued this

was unnecessary, but opposi-

tion lawmakers asserted parlia-

ment bad the right to screen

"Since this is not another

nomination of a premier, of

course it does not involve asklng the Legislative Yuan to

exercise its endorsement." Mr

Wu said. He cited two prece-

dents in which premiers were retained without parliament's

approval after baving been

Critics argued that such

things should not be tolerated

under democracy. "In this new

age, we should change to new

things, not continue with old

ones," sald Mr Chang Chun-

hung, acting chairman of the

main opposition Democratic

cabinet appointments.

elected vice-president.

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bands of the president.

They charge that retaining

nother week, another intended mainly to lay the foundations for a sounder financial system in future.

The measures that parlia-

A revamping and refinanc-ing of the under-funded deposit surance system;

The fourth etement, not strictly up for debate, but still uncertain, is the now notorious plan to spend Y685bn on liquidation of the country's bank-

The reforms are an elaborate quid pro quo. In exchange for being allowed to spend the tax-payers' money, the governit will clean up the financial

who was one of several figures

tipped for premier, said with-

out elaborating: "We hope the public can understand the cur-

rent situation". Mr Lien and

the other members of the Exec-

utive Yuan formally suhmitted

their resignations before the

May 20 inauguration of the

country's first democratically elected president and his run-

Taiwan's netional legisla-

ture yesterday passed a gov-ernment budget of T\$1,196bn

(\$43hn) for the financial year ending June 30 1997, e spend-

ing rise of 5.4 per cent from a

year earlier but below the 6.8

per cent increase sought by the

The defence budget was

pared to T\$254.1bn, 21.3 per cent of total spending, from T\$261.16bn the previous finan-cial year. The government's proposed budget had called for

a 3.8 per cent rise in military

spending. The government can

draw on an extra-hudgetary

defence fund of T\$166.2hn to

pay for purchases of figbter jets and other equipment.

The budget was approved

early yesterday after a May 31

deadline had been extended.

The hudget review process was

government, Reuter reports.

proposed will resolve the crisis. The three institutional changes have been widely and properly praised by international observers as a helpful means of addressing some of the longer-term problems that

The establishment of a

dence exists that the measures cost of protecting their deposltors - less than a 20th of that paid by some US banks, for

Further losses could add up to as much as Y30,000bn on top of almost Y20,000bn written off by banks

poration, a cumbersome structure intended to put in place a reasonably consistent formula for dealing with future bank collapses, is a necessary pre-condition of an orderly disposal of the detritus of financial collapse.

The plan to raise deposit insurance premiums is also an essential measure: for too long Japanese banks have paid very small amounts towards the

The early warning system.

which will improve some aspects of supervision, may also he effective in limiting the shock of future hanking collapses. But the measures do not even address the much

> financial changes hava little to offer. No one knows precisely the amount of bad loans they hold, but educated guesses put the figure as high as Y15,000bn. The agricultural hanks which, in a chilling reminder

egory of hobbled institutions. They may have as much as Y12,000bn in total non-performhave been getting worse. Three distinct groups are ing loans. Again, nothing in the government's immediate

plans will do much to ease this

of the inter-related nature of

these things, have also lent more than Y7,700bn to the non-

banks - are another whole cat-

and agricultural co-operatives. Many more credit associacould be as much as Y30,000bn. in addition to the almost Y20,000hn already written off tions are set to go bankrupt. According to the finance ministry, the sector as a whole still has over Y2,000bn in bad loans hy banks Given the inability of the 12 per cent of total loans.

smaller institutions to finance Ministry officials bave this sum, there are only two already acknowledged that sources for the money: larger banks or the government. their proposed reforms will not resolve this coming crunch.

The blgger banks, already been pummelled by their own The non-banks are an even bad loan losses, are adamant that, whila they will accept bigger headache. For these, the some limited responsibility for the losses at their smaller brethren, they cannot afford to take on the whola cost.

Meanwhile, the prospect of the government intervening to help out is just as remote. For six months it has faced the wrath of the public over its decision to spend a mere Y685bn on bailing out the housing loan companie

This conundrum of who will pay the ultimately very expensive hill will not be addressed in the parliamentary debates this week. Yet it is the only

#### ASIA-PACIFIC NEWS DIGEST

# **OECD** pressure on South Korea

The OECD yesterday criticised South Korea's economic policy only weeks before it must determine whether to accept Seoul as a member of the club of advanced industrial nations. The report, by its economic and development review committee, said Korea must liberalise Its financial market further and reduce government intervention in the economy if it is to maintain its record of strong economic growth.

But the report said long-term prospects were good; the economy could grow 7-8 per cent over the next few years. producing an economy comparable in size to Spain and Canada, with a doubling of per capita income by 2001. Korea had made progress in financial liberalisation since 1993, but domestic deregulation had proceeded faster than relaxation of controls on cross-border capital transactions.

This had prevented its financial markets becoming fully developed. Korea should concentrate on ebolishing low-interest subsidised loans for industry and remove barriers between banks and non-bank financial institutions to strengthen the banking sector. Recent efforts to cut South Korea's high interest rates would boost investment and income, but carried risk of higher inflation. John Burton, Seoul

#### Seoul opposition boycott

South Korean opposition parties yesterday boycotted the opening of the National Assembly in protest against the government's recent recruitment of independent MPs to gain a parliamentary majority. The ruling New Korea party narrowly lost parliamentary control in general elections in April, but subsequently regained a majority by recruiting 12 MPs to give It 151 seats in the 299-member National Assembly.

The two main opposition parties eccused the govarnment of creating an "artifical" majority through its post-election tactics and refused to elect a speaker of the National Assembly, which prevented parliament from assuming its normal duties.

John Bu

#### Philippine inflation falls

Philippine inflation fell for the second consecutive month in May, from 11.3 per cent to 10.4 per cent, and is expected to drop below double digits in June, The slower pace of price rises in the housing, food and beverages and huilding sectors, which together make up the bulk of the consumer price index, accounted for the sharp drop in May.

Government economists, who last year failed to predict the Jump in inflation from 8.4 to 11.8 per cent in October owing to the doubling of rice prices, say inflation will hit 6 per cent by December while the average for the year would be within International Monetary Fund targets of 7.5-8.5 per cent. The stock market reacted positively to yesterday's figures, closing 24 points, or almost 1 per cent, higher at 3,239 and about 100 points below its all-time high.

# Cook Islands faces bankruptcy

The Cook Islands, the small South Pacific Island nation, faces bankruptcy unless urgent aid is given, as its population of 20,000 try to service a national debt of over \$100m, a meeting of prospective donor nations was told this week

The crisis meeting was beld in Fiji, after the Cook Islands defaulted on debts to the Pacific state of Nauru and rescheduled loans from the Asian Development Bank. The islands had earlier stopped loan payments to Italy, which had backed the hullding of a hotel said to be responsible for much of the debt, after disputes over costs.

The Cook Islands is willing to implement economic reforms in exchange for aid. Officials said their government needed \$19m, including \$7.4m to lay off about two thirds of the government's 3,000 employees. Yesterday, the ADB announced the government was willing to reduce its departments from 52 to 22, improve its accounting measures and allow greater overseas investment. Some state-owned assets Will be sold The donor nations, including Japan, New Zealand, France, the US and China, agreed to give the islands 12 months to

#### US businessman held in China

A US husinessman, Mr William Chen, has been detained in Shanghat for allegedly importing prohibited goods into China but officials have refused to specify the precise nature of the charge, a US consulate spokesman said yesterday. Xinhua news ageocy reported the detention in a brief

dispatch, saying Mr Chen had been picked up on Monday by public security bureau (PSB) personnel after he had "escaped the supervision of Chinese customs". Mr Chen, a Chinese-American, was detained "under strong suspicion of importing to China goods which the People's Republic of China strictly prohibits," the agency said. The

spokesman said a consulate official had a "fairly short meeting" with Shanghai public security officials yesterday. Shanghat PSB officials declined to confirm the detention. Yesterday's announcement came a day after e US grand jury indicted 14 people and a Chinese-owned corporation on 30 charges of smuggling AK-47 assault rifles into the US from

#### Penh. "We have never seen an government approval. Soldiers take the lead in Laos economy

Laos: the business of the military



and \$150m, it accounted for

about 10 per cent of the coun-

try's entire gross domestic

product and is a symbol of how

coincides with the virtual take-

over of the state hy the mili-

tary at the Communist party's

congress recently.
"The fesling is that where Yet the government is you have military men in

charge things work," says a Lao journalist. "Gen Cheng's success is one of the reasons ture, particularly logging.

And earlier this year the

Ministry of Defence, through the army's Depertment of Logistics, got directly into the ect. It took a 25 per cent stake in the country's largest nonpower generation project to date, a \$211m hotel, marina

already attempting to replicate BPKP's successes by creating two more military-controlled companies to take charge of development in other areas. A company called Dafl looks after the south, while the Agriculture and Forestry Development Import-Export Company controls the remote northern region. Both concentrate in the key areas driving economic growth in Laos: construction, tourism, trading and agricul-

technocratic raformers, has potential investors taking "There is a logical nexus here," says an Asian diplomat.
"If investors need approval from someone in a high position and those high positions are occupied by military men, then a lot of companies are going to have to take a look at

and casino complex spread out over t8,000ha just 90km from

the Syuen Group of Malaysia

This joint-venture, along

with the party congress where

the military eased out some

Vientiane to be developed by

involving the milltary in their projects.' Momentum for a military takeover grew last year when poor management of the economy led to inflation of 19 per cent and a corresponding devaluation of the currency. the kip, in the midst of growth

of more than 7 per cent. The root cause of inflation. says UNDP senior economist Mr Romeo Reyes, is a budget deficit of more than 10 per cent of GDP. Revenue is hard to come by because there is no coherent tax collection system. A new tax law was passed two years ago but there are still no regulations to enforce it, he

As a result, "you've got 600 investment projects going for ward and the government doesn't have a clue as to what they are earning," says a longtime foreign resident who has a government contract, "Giving the projects to the military gives them some control over

ment has spent the last month considering are essantially fonrfold. The three least controversial elements are:

The establishment of a new vehicle for disposing of bankrupt institutions, modelled loosely on the lines of the US so-called resolution trust cortt was the seventh biggest Resolution Trust Corporation:

The setting up of an early-warning device to nip future failures in the hud.

reappointment

irks opposition

rupt housing loan companies.

By Edward Luce in Manila

The Philippines' campaign to clamp down

on alleged tax evasion was dealt a heavy

hlow yesterday when the Supreme Court

dismissed e government appeal which

would have paved the way for the biggest

The ruling hy a division of the supreme

court is a setback for the government's

wider tax reform efforts. The bench threw

Mr Lucio Tan, chairman of Philippine

Airlines, whom the government alleges

evaded 25.6hn pesos (\$977m) in taxes

between 1990 and 1992, insisted his legal

rights had been violated when state law-

yers failed to give him the statutory 30 days' notice before launching their investi-

gation into his business affairs in 1992. Mr

Tan denies the allegations. The ruling

casts legal doubt on the validity of more

than 100 other tax cases at present before

Most of the cases, including two against

members of the family of the late Presi-

dent Perdinand Marcos, could be thrown

out on the same 30 days' rule. The govern-

ment will now attempt to appeal to the full

bench of the Philippines supreme court.

the case out on a technicality by 3-2.

tax prosecution in the country's history.

bigger immediate problems. While the higger banks have been gradually improving the quality of their balance sheets in the past year or two, the asset-quality problems at thousands of smaller institutions

most vulnerable: credit associations, four of which have failed in the past 18 months, non-banks, such as Shin Kyoto,

approaching crisis.
In all, therefore, the further Taiwan premier's Manila tax drive suffers setback

> move by the divisional court on Tuesday when it issued a statement denying anonymous allegations in a "poison pen" letter that it had been "lavishly bribed" by Mr

Tan to vote in his favour.

Tha ruling also hrings into question the government's attempt to push its set-plece tax reform hill through congress. The bill, which seeks to broaden the tax base and lower tax rates, has been opposed

by various business groups.

Mr Tan has been an influential campaigner against the legislation. He is widely thought to be opposed to a clause which would scrap ed valorem taxes in

favour of specific excise taxes. The government's case against the businessman rests on allegations that he under-declared production costs at his tobacco and beer companies by setting up "ghost" marketing arms to minimise his

d valorem tax payments. The House of Representatives, which has already diluted elements of the bill and has argued in favour of retaining a modified ad valorem tax, is thought unlikely to enact the bill in the form submitted by the government.

The government estimates that 37bn pesos is evaded in taxes yearly. The origi-The ruling follows an extraordinary nal tax bill would enable it to generate



Lucio Tan: denied the allegations and insisted his legal rights had been violated

recurring fiscal surpluses, it says, Ministers yesterday expressed dismay at the wider implications of the supreme court ruling. "We want to take away the taxation system that favours some over others," said one.

Logging row hits Cambodia loan

The International Monetary Fund has delayed a scheduled \$20m loan dishursement to Cambodia after expressing concern over lack of transparency in the sale of state assets, par-

spread over two months ticularly logs.
Mr Michel Camdessus, IMF marked by disputes and backmanaging director, has warned room bargaining among parthe country's two prime minis-

ters that, if the government does not act to increase transparency, the Fund's three-year aid programme could also be discontinued.

The temporary freeze comes ahead of an international donors' meeting next month in Tokyo, where the Cambodian government will ask for another \$1bn in assistance. Without endorsement of its management of the economy from the IMF, the government is likely to encounter severe resistance from donors. Camhodia has already received nearly \$3bn since a 1991 UN-

sponsored peace accord. IMF concerns about the destination of receipts from log-ging have increased after it was alleged agreement had been reached with the Thai government to export Im cubic

economy can he seen from the hundreds of

logging trucks passing by a

new customs checkpoint in the

heart of the forest near Lak

Sao, a boom town along the main road between Thailand

and Vietnam. Lak Sao is the headquarters of the Mountain-

ous Area Development Com-

pany, or BPKP, and the lavish way station, which the com-pany built at a cost of more

than \$500,000, is a crucial piece

of infrastructure the finan-cially strapped Lao govern-

ment simply could not afford.

Given responsibility for

development in central Laos, BPKP does other things for the

government. Presided over by the French-trained Major Gen-

eral Cheng Saygnavong, it is logging, sometimes by helicop-

ter, hundreds of square kilo-

metres of lush forest in an area

expected to be drowned by a

massive hydro-electric project.

wboliy owned and joint-ven-

ture operations in tourism,

construction and trading and

has govarnment contracts to

huild six roads in the capital of

Vientlane. The company was

recently given control of the

state-owned Lao Mining Ser-

vice Company, responsible for

overseeing mining operations

While BPKP works under a

direct mandate from Mr Kham-

tay Siphadone, the prime min-

ister, the company is con-

trolled by the Lao military, of

which Mr Khamtay is a former

commander-in-chief. With a

in this mineral-rich country.

Through its 32 different busi-

ess units, BPKP also operates

metres of already-felled logs of timber via Thai logging compa-

The agreement was said to have been reached without the knowledge of the Cambodian national assembly and in contradiction of a government ban on the export of whole logs.

A large proportion of the logs are said to have originated from Cambodian territory controlled by the Khmer Rouge, which stands to receive a per-centage of the proceeds. according to the environmental group Global Witness which has obtained documents detailing the deals.

We are trying to get the government to articulate a for-estry and logging policy," said Mr Joshua Charap, IMF resident representative in Phnom

articulation of what this (log ging deall implies for the treasury or the national budget," The IMF wants a "set of measures" implemented, not just

explanations, said Mr Charap. The value of the timber allegedly to be exported is \$50m.\$100m. Cambodia's reported 1996 hudget revenue. which does not include contrihutions from these logging sources, is ebout \$320m. Cambodian officials claim the deals were only "in principle" and have not yet gone into effect. They argua that the logs would

rot if not milled immediately. They say the only way to ensure the government receives logs revenue is to deal with the Khmer Rouge which would sell the logs to Thai companies with or without

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#### **CONTRACTS & TENDERS** LESOTHO HIGHLANDS DEVELOPMENT AUTHORITY

LESOTHO HIGHLANDS WATER PROJECT - PHASE IB

**CONTACT LHDA 2008** 

MATSOKU TUNNEL AND WEIR

INVITATION TO PREQUALIFY

The Lesotho Highlands Development Authority (LHDA), a parastatal hody constituted under the Ministry of Natural Resources of the Government of Lesotho, is responsible for the implementation, operation and maintenance of the Lesotho Highlands Water Project (LHWP) within the boundaries of the Kingdom of Lesotho (KOL). The LHWP is a binational project between the KOL and the Republic of South Africa (RSA) and its purpose is to divert surplus water from the KOL to the industrial heartland of the RSA. The LHDA hereby invites prospective tenders to appty for prequalification to tender for Contact LHDA 2008, Matsoku Tunnel and Weir, as part of the Phase tB development.

The Works will comprise approximately 5,7 km of concrete lined tunnel, tunnel inlet and outlet works, a diversion weir, a 5km long gravel access road and other associated works. The weir wilt be approximately 10 m high and 180 m long and will be a mass gravity structure constructed either of mass concrete or of uncul grouled stone masonry. The tunnel will be of modified horseshoe cross-section with an excavated span of approximately 4,0 m with concrete lining thickness nominally 300 mm. The route of the tunnel is through basalts of the Lesotho Formation occasionally intersected by dolerite dykes. It is specified that the excavation be performed by drill and hatsı methods and it is anticipated that excavation will proceed from two headings.

The estimated value of the Works in Lesotho Maloti is M130 million (US \$ 30 million). Compelitive export credit financing will be sought for foreign sourced supplies and services, and commercial financing for the remainder.

Construction is programmed to commence during the last quarter of 1997 and the Works are

to be commissioned for the delivery of water by 01 January 2001. Prequalification documents will be available from 28 June 1996. Applications for prequatification documents, clearly stating organisation, person responsible and title. address and contact facsimile and telephone numbers should be made in writing to the Consulting Engineers at the following address:

The Project Manager Matsoku Diversion Partnership Private Bag A476 MASERU 100 Lesotho

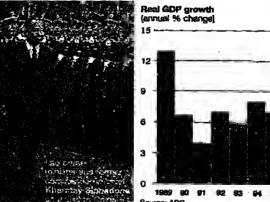
Attention: Mr R. Blackhurst +266 310547

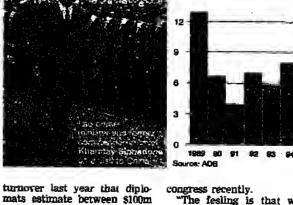
Telephone:

+266 313111 Ext 250

The closing date for the receipt of completed Prequalification Documents at the offices of the Lesotho Highlands Development Authority will be 5 August 1996.

# Ted Bardacke on military men making things work





Lao economic development is for that feeling." increasingly being dominated But critics charge that by turning over such huge respon-sibilities to BPKP, lines of by the country's armed forces. The formula is not new. All of Laos's neighbours - China. Vietnam, Cambodia, Thailand and Burma - bave at times banded their militaries huge economic responsibilities. But the Lao case is striking because it stems from the belief that the military is the only institution competent enough to manage a bungled economic reform process and

authority and accountability are dangerously blurred. In the area granted to BPKP, where it used to run a prison camp and has cited security objectives as one of the justifications for its work, officials from provincial governments, the forestry depertment and the government's own environmental watchdog agency complain they have no control over and little information about

Mitten bereicht

# Anew company beginning with thousands of smart solutions copying, printing and plotting.

As you probably know Siemens Nixdorf Printing has joined the Océ Group of companies. Siemens Nixdorf Printing is the market leader in high volume printing.

This complements Océ's product range perfectly. As a result of this move a new company has emerged with thousands of smart solutions in copying, printing and plotting.

Océ copiers cover a full model range, from desktop to 100 copies per minute, along with new digital and colour solutions. For engineering reprographics, Océ markets the broadest and most advanced selection of large-format technological solutions.

For printing, the new Océ Printing Systems range fulfils all possible requirements from 12 pages to 700 pages per minute.

This consolidation of know-how will create tremendous opportunities. We are able to anticipate and initiate future developments - - because the thousands of smart solutions that we can offer you today are, for us, just the beginning.



Océ and Siemens Nixdorf Printing. The new global force in printing.

Labour split on

Former Labour ministers Mr Roy Hattersley and Mr Gerald Kaufman yesterday sparked a new battle between old and new

Labour by launching a campaign against alectoral reform. The launch of the First Past the Post Group, which claims the

support of more than 100 Labour MPs, restarted the debate

that many hoped had been settled two years ago. when the party agreed a compromise under which it would hold a referendum on the issue after the general election. Mr Hatters-

ley "made no apology" for the political motives behind his

opposition to proportional representation. He said: "No one

doubts that proportional representation, or any of its variants. would lead to coalition government. Coalition government in

PR reopened

# blow to peace process

By John Kampiner, Chief Political Corresponde

Prospects for political progress in Northern Ireland were dealt a serious blow last night after the IRA warned it would never hand over any weapons before

a final settlement. The IRA statement - its most pessimistic assessment since the resumption of violence last February – was com-pounded by last minute hitches between the UK and Irish governments over an agenda for all-party talks next week. Mr John Major and Mr John Bruton, the two prime ministers, were preparing to talk by telephone last night in a final attempt to resolve differences over a role for Mr George Mitchell, the former

A deal had been signalled earlier in the day following seven hours of talks between senior ministers. But the agreement began to unravel soon after, with both eides pri-vately accusing the other of

reneging on it. A British official said failure to agree could lead to a post-ponement of the negotiations, which are due to begin In Belfast next Monday. In the past, however, the governments have managed to bury differ-

ences at the last moment. Mr Bruton stopped over in London on bis way to Dublin from an official visit to Bonn. for talks with Mr David Trimble, the Ulster Unionist leader. Contingency plans are being

made to prevent any distur-bances outside the venue for way of a wider deal on lifting the ban on British beef - a mesthe talks, which Sinn Féin are almost certain to be excluded from. Both governments continne to insist on a restoration of the IRA ceasefire as a condi-tion for Sinn Fein participa-

The Irish believe that if Mr Mitchell is allowed to run the talks, including the most important section which deals with a future relationship between the Irisb republic and Ulster, the IRA might yet

soften its position, British ministers want to confine Mr Mitchell's role to the opening plenary session, and to the sub-committee that will look at the issue of paramilitary weapons

The inter-Irish element would instead be handled by General John de Chastelain of Canada. He was a member of the three man team headed by Mr Mitchell whose report last ples of non-violence to replace the UK's insistence on a prior bandover of IRA weapons. However, Mr de Chastelain is seen by the British as more sympathetic to Unionist concerns. This is not a trivial point," a senior UK official said. "The fear is that Mitchell could change everything, and give the talks a spin which people here as well as Union-ists couldn't live with."

The problems between the governments over the talks threatened to overshadow a first official visit to the UK by Mrs Mary Robinson, the Irisb

In its statement, the IRA said the British government's position had hardened. "The likelihood of any IRA ceasefire is remote in the extreme," it

# IRA deals Old Comet jets may get new lives

By Bernard Gray, Defence Correspondent

The unlikely prospect of a new generation of Comet aircraft taking to the skies has received a boost with British Aerospace offering to build advanced versions of the famous 1950s airliner for export as a maritime-patrol air-

BAe has teamed with Boeing of the US to offer to refurbish the Royal Air Force's existing Nimrod maritime patrol ver-sions of the Comet in a £2bn (\$3.1bn) Ministry of Defence competition to be decided this summer. Now the two compa-

By Caroline Southey

in Brussels, George Parker in London

and Robert Graham in Rome

The European Commission is

expected to stop co-operating

with Britain on the terms of a

framework agreement to lift the ban on British beef, unless

Britain gives ground in its campaign to block EU busi-

Signs that the Commission

was losing patience with the

UK government emerged after Commissioners yasterday decided to ease the ban on exports of three British beef

by products: gelatine, tallow

and bull semen. But the deci-

The easing of the ban was followed by a warning from Mr

Jacques Santer, Commission

president, that Britain's policy of non-co-operation in the

European Union stood in the

sage he intends to reinforce in

a personal appeal to Mr John

Mr Santer'a message was

Major, the prime minister.

By Stefan Wagstyl in London

The CBI yesterday increased

pressure on the government to secure an early end to the beef dispute with the UK'a Euro-

pean partners by warning that

it was harming British busi-

"Let's not kid ourselves. Careless talk of Britain leaving

the EU will cost jobs," said Mr

Niall Fitzgerald, the chairman-

designate of Unilever, the

Anglo-Dutch food group, and

Speaking at a CBI conference

attended by Mr Michael Heseltine, the deputy prime

minister, Mr Fitzgerald said:

British business in Europe and,

if continued, it would be harm-

ful and disruptive to those of

us who represent the more

than 50 per cent of British trade which is conducted in

Mr Fitzgerald's remarks con-

trasted sharply with the CBI's

officials declined to comment

on the so-called beef war's pos-sible impact on British busi-

CBI officials indicated yester-

day that the employers' body

had decided to enter the debate

because of growing fears that

arguments over beef were dam-

This affair has not helped

Committee.

sion was a close call.

nies have joined US aircraft Japanese navies. GEC says its manufacturer McDonnell bid for the UK competition Douglas to export new Nim-

The agreement is part of a marketing battle to persuade the MoD that its choice of maritime-patrol afreraft offers export opportunities for UK companies. BAe and Boeing are competing against the Gen-eral Electric Company and US serospace giant Lockheed Martin for the contract.

GEC has offered an electronics package for the submarinehunting aircraft to be fitted into the Lockheed Orion aircraft, itself a 1950s design and the aircraft used by the US and

EC threatens UK over beef

The UK government plans to announce a scheme on Monday for

collecting and storing livestock feed made from animal remains,

which is thought to spread bovine spongiform encephalopathy, or mad cow disease. Ministers said that anyone in possession of such feed from the end of July would be committing a criminal

Britain has to show other European Union countries that it is taking tough measures to eliminate BSE so that it can achieve a

The use of animal remains in feed for pigs and poultry was banned on March 29 at the onset of the latest crists over BSE. Meat and bonemeal have been excluded from cattle and sheep

feed since 1988. The government estimates there are 6,000 tonnes

of contaminated feed at mills and manufacturers, but there are

collect and dispose of the feed from large mills. Feed companies

have already lost £1m in value on feed they cannot sell or use

following the ban. The government will pay for collection and

majority of Commissioners, sion would not co-operate on

CBI warns of beef row damage

Mr Jim Reed, the director-general of the UK Agricultural Supply Trade Association, said it could cost up to £50 a tonne to

offence and could be fined up to £5,000 (\$7,600).

timetable for lifting the ban on beef products.

no reliable figures for the volume held on farms.

storage of the feed prior to incineration.

who argued forcefully yester-

day against easing the ban until the UK government stopped blocking EU business.

"it was very close. It nearly went wrong. The Commission-ers don't like this tactic of

hlackmail," said one EU offi-cial, adding that "the Germans

are raising the temperature."

offers greater export prospects because its latest generation of submarine-hunting electronics could be fitted to existing or new Orions sold around the

It also maintains that its UKdesigned system would bring more work to the UK than the BAe-Boeing hid, which is largely based on US electron-

BAe says the task of integ-rating the electronics into the aircraft is comparable to that in the Eurofighter, and it is the only UK company up to the

drawing up the framework" unless Britain made a "signifi-cant gesture" over its policy of

non-co-operation. "Britain has

to de-escalate its action. We

want a clear signal from Lon-

don. If not, the Commission

will not be preparted to work

on the framework," an EU offi-

cial, adding that all eyes were

BAe and Boeing have strug-gled to show that they could export their system, because the 26 Nimrods in use with the RAF are the only ones flying. The offer to build new versions is an attempt to get around

The MoD has been sceptical about export prospects for either system, however. The GEC eystem is apparently believes the US and Japanese navies, the biggest users of this type of aircraft, will develop the next generation of electronics themselves rather than buy from the UK.

ters next Monday.

· There is virtually no possibil-

ity of Britain reaching agree

ment on the framework with

the other 14 member states

unless it has the Commission's

As the pressure grew on Britain to drop its non-co-oper-

ation policy, Mr Santer hinted that the Commission could

take legal action if the UK persisted with its campaign. He attacked tha "manifest and

deliberate policy of obstruc-tion" which he said was against "both the letter and

the spirit of the treaty". Mem-

ber states could not be allowed

to "duck their responsibilities". he said, adding that they had to remember their obligations

He called on the British gov-ernment to "appreciate what

the Commission has done"

adding that "we have made an

important gesture of solidarity.

Solidarity is not a one-way

Feed collection, Page 6

street. It is a two-way street."

under the Treaty of Rome.

for the UK competition, which has just closed, the BAe refur-bishment offer is thought to have proved cheaper than the GEC new aircraft bid, putting the BAe-Boeing team ahead.

Some in the MoD believe the US and Japan will not upgrade

their propeller-powered Orions, but will buy jets.

The prospect of new Nim-rods, the only jet used for submarine-hunting, would seem more realistic. Industry insiders still suspect, however, that the US will choose to develop its own jet aircraft for the job. or adapt existing US jets for the task, in spite of the extra

# Climate to feature in water

By Leyla Boulton in London

forecasts

The Environment Agency revealed yesterday that it planned to factor climate change into its projections of water supplies, following last

Mr Jerry Sherriff, the agen-cy's head of water resources, said that climate change was just one factor to take into account" in addition to water companies' progress in tack-ling leaks, which last year lost

a quarter of supplies.

He told a parliamentary inquiry into the recent water shortages that it was not pos-sible to quantify the effects of climate change but that the agency would have to "make a pragmatic judgment". The agency is likely to have an indirect impact on the sorts of new capital investment compa-

that global warming - a phe-nomenon which is still being studied - has been incorporated into government policy affecting an industry other than energy.

by the Environment Agency coincided with the launch of a report by the International Panel of Climate Change saying that "evidence suggests; there is a discernible human influence on climate change." Although the report was

by that phrase "four-square".

Mr John Gummer, the environment secretary, will next

the social and economic impli-cations of climate change, launched yesterday, said that the problem warranted taking measures beyond a so-called

## this country - no less than in other democracies - would produce the tyranny of small parties." David Wighton produce the tyranny of small parties." Ethnic disadvantage remains

nies are allowed to make.

This is one of the first times

Yesterday's announcement

accepted by governments six months ago, that particular phrase has come under recent criticism from the World Energy Council, which represents the energy industries of 100 countries. Sir John working group which produced the report, said he stood

month present a report on the potential implications of climate change for Britain. A 1991 report said that, by the year 2030, Britain could expect very hot summers to occur more frequently. A separate IPCC report on

"no regrets" policy of actions that cost nothing. Mr Michael Grubh, one of

the report's authors, said that UK measures could mean continuing state subsidles for Ethnic minorities in Britain remain at a clear disadvantage

when it comes to employment. Nearly a quarter of the 2m men of working age who belong to an ethnic minority were "eco nomically inactive last year - neither working nor registered as unemployed - compared with 14 per cent of white men, according to statistics from the Labour Force Survey released yesterday by the Office for National Statistics. About 45.1 per cant of ethnic minority women were economically inactive compared with 28 per cent of white women. Unemployment among ethnic minorities fell to 18.7 per cent last year from 21.6 per cent in 1994. Among white workers it was 8.2 per cent last year, down from 9.9 per cent in 1994.

Male unemployment was highest among Bangladeshis, at 38 per cent. About 12 per cent of Indian men were unemployed, 23.3 per cent of Caribbean blacks and 30.8 per cent of African blacks.

Robort Trustore

#### Record year expected for visits

The UK tourism industry is heading for a record year after an 8 per cent rise in overseas visitors in the first three months. A total of 4.63m visitors spent £2.11bn (\$3.2bn) in the January to March quarter, compared with 4.27m and 52.04bn respectively in the same period last year. The figures mean the number of visitors to the UK for the full year should exceed last year's

The number of UK residents going abroad rose 11 per cent to 8.09m in the first quarter, and spending climbed 16 per cent Christopher Brown-Humes

#### Sony deal extended

Creation Records, one of the UK's most successful independent record labels, has clinched a multi-million dollar deal to extend its joint venture with Sony Music, part of the Japanese group. Under the agreement Sony - which bought 49 per cent of Creation in 1992 - has the right to distribute outside the UK all the records made by Creation's acts. The decision reflects the trend for global music groups to adopt a more flexible approach to their relationship with independent labels.

The £1bn UK music market is heavily consolidated. The "hig five" multinationals - Warner of the US, the UK's EMI, Poly-Gram of the Netherlands, Germany's BMG and Sony - command more than 70 per cent of sales, according to the British Phonographic Industry. Several leading independent labels, including Rough Trade and Factory, have closed. Alice Raw-

#### FTSE-100 firms audit spend

The FTSE-100 companies spent £187.4m (\$294.84m) on statutory audit fees according to their latest accounts, 0.5 per cent more than in the previous year, according to a survey by Accountoncy Age. They spent 9 per cent more, or £175.2m, on add-on services such as tax, corporate finance, management consultancy and IT advice.

Meanwhile a survey of 200 companies by City law firm Manches showed that less than half of businesses thought accountancy firms should be able to limit their liability by incorporation.

#### Local government probe

The Nolan committee on standards in public life announced yesterday that it would next study local government. It would consider whether existing legislation and codes of conduct were appropriate now that councils provided more services indirectly through contractors. It plans to examine rules on declaration of interest, safeguards in relationships with contractors, movement between the public and private sectors. rules on allowances and the liability of councillors. Alan Pike

#### Money laundering crackdown

The ability of police to react efficiently to information on money laundering in recent months has been belped by "increased resources and better organisation", said Mr Albert Pacey, director general of the National Criminal Intelligence Service. He was delivering the service's annual report, which shows an 8.6 per cent fall in the number of suspect transactions reported to the agency by banks. The report says: "The lower figures for this year are in part due to greater familiarisation by financial reporting officers . . . and the drive towards higher quality reporting." The service has invested in more staff and updated its technology, while developing its links with MI5, the security service. Jimmy Burns, London

# faces price threat

By Simon Holberton in London

British Energy, the nuclear power generator, was yester-day dealt a blow by the up to 6 per cent in the Scottish electricity industry and a call for more competition in the supply of power to industrial

The announcements were made by Professor Stephen Littlechild, head of Offer, the UK electricity industry regulator. His statement raised questions in the City of London about the valuation of the soon-to-be-privatised generator. Analysts estimate that British Energy may be worth up to £100m (\$152m) less because of the Offer-imposed price cap.

The Department of Trade and Industry said next Monday's prospectus would include a reference to the statement. British Energy produces half of Scotland's electricity, which Scotland's two vertically integrated power companies, Scottish Power and Hydro-Electric, are required to buy under the

terms of an agreement that

Scottish Power, said it believed it had grounds to reopen the agreement with Brit-

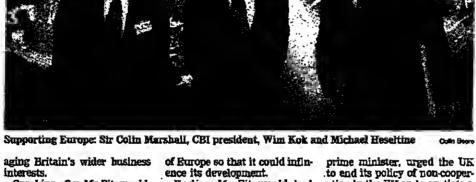
runs until 2005.

ish Energy. A spokesperson said the price cut which Offer wanted to impose qualified as a "market disturbance" under

the terms of its contract. Within their respective franchise areas, the market for power above consumption of 100kw is open to competition. It is estimated that a 6 per cent price cut would reduce the Hydro-Electric by up to £10m a

Prof Littlechild said he was concerned that competition in Scotland developed on a "sound basis". He said Offer had received complaints from customers and other suppliers tbat the Scottish generators where acting in anti-competitive ways. To assess these alle-gations Prof Littlechild said he would require Scottish Power and Hydro-Electric to produce separate accounts of their activities in the competitive electricity supply market in their own area.

Prof Littlechild said that if the Scottish companies did not voluntarily reduce their prices he would seek public consultation, and ultimately a reference of the whole industry to the Monopolies and Mergers Committee.



Mr Heseltine said be welcomed the Unilever executive's remarks. Mr Heseltine made no attempt to hit back directly at the implied criticism of government policy. He said that Britain was protecting its interests as any nation might. He condemned as "offensive" comparisons between the beef dispute and images of "British troops fighting in the trenches and Spitfires dogfighting in tha skies over Europe". He said the UK had to remain at the heart

Earlier, Mr Fitzgerald had

Speaking after Mr Fitzgerald. urged the UK to stay at the heart of Europe. He condemned the idea that Britain could leave the EU and still retain access to the single market like Norway or Switzer-

Mr Fitzgerald said that the UK's "increasingly eemi-de-tatched role in Europe" was ironic because Britain was win-ning intra-EU debates on competitiveness, deregulation and the single market.

to end its policy of non-cooperation in the EU and negotiate a settlement of the beef dispute with its European partners. Seeking to allay British fears about a possible loss of national identity in the EU. Mr Kok said: "Building Europe does not imply demolishing the

nation state." The conference, Business in Europe, was the first of a series of events planned by the CBI for the coming months to promote a more positive image

# of the EU and to encourage Mr Wim Kok, the Dutch

# Nuclear generator | Extra-terrestrials limber up for the big match There is much to play for in the battle to screen the world's major sporting events. By Raymond Snoddy

hey say that Euro 96 line.
is about football, but Bn
it is also about whet money, sponsorship, and above all, television and viewers. If the England team makes it to the final at Wembley Stadium, UK terrestrial broadcasters the BBC and ITV. which would both show the game simultaneously, would have a total audience of more than 20m, putting the most

popular soap opera in the All ratings history suggests that the audience switches disproportionately to the BBC on the big occasion and that the BBC will score in the ratings. Despite this the ITV companies will have a good game. Not only will commercial TV be broadcasting exclusively what could be England's make-orbreak match against Holland, but Euro 96 is likely to add an extra £7m (\$10.64m) to ITV revenues in June, boosting the total to £148m for the month, according to CIA Media Network, the independent media-

buying group. There are, of course, other media outlets. America On Line will cover the three-week tournament on the Internet and ClubCall, the premium telephone eervice group, will

But the real question is whether Euro 96 could be one of the last occasions when hundreds of millions of viewers are able to switch on to "free TV to watch such a sporting event. Many believe the future of TV sport, and TV football in particular, lies with subscription and pay-per-view, orchestrated by international moguls such

as Mr Rupert Murdoch, chairman of News Corporation.

It is difficult to exaggerate the power of live exclusive football for satellite TV. The five-year exclusive deal between the English Premier League and British Sky Broadcasting has been the single big-gest factor in turning BSkyB into a consortium capitalised at more than £7.5bn.

limber up for the opening matches Mr Murdoch, Mr Michael Green, chairman of the UK's Carlton Communications, and Lord Hollick, chief executive of United News and Media, will be playing for the next Premier League contract.
With it will almost certainly come the right to show all the league games from the UK'a

Even as the Euro 96 players 1997-98 season live on pay-perview. The sums involved could easily top £750m. Exclusive pay-per-view on digital TV is a trend spreading throughout Europe. Canal Plus, the French subscription TV group, will televise all French first division games on such a basis in the coming season. In Italy, Telepieu, the digital TV company, kicks off the digital foot-



supply the official ClubCall In the picture: although new media are proliferating, terrestrial TV delivers the biggest audiences

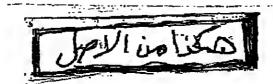
ball pay-per-view season in September. The Telepieu technology is so sophisticated that a subscriber from Milan can be excluded from watching the home games of AC Milan and will be able only to watch the

away games. However, despite the huge sums of money likely to be generated by the new "electronic turnstyle" which will transform the economics of many sports, all the signs are that the big international tournaments will remain on terrestrial TV for now. Not only do the sports hodies want the largest and most prestigious shop window for their sports. but sponsors want the largest

possible audiences. The evidence is already there. Earlier this year the International Olympic Committee agreed a \$1.442bn deal with the European Broadcasting Union for the European rights to the winter and summer Olympics until 2008, ensuring the games will remain on ter-restrial TV. A \$2bn bid from News Corporation was

So although fans may have to start paying serious money to watch live league games on TV, the big occasions seem destined to remain where they can command the hig audiences.

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# BRAZIL and the state of Bahia

# Not yet clear of danger

In spite of substantial economic progress, short-term problems keep the success to which the country aspires out of reach, says Angus Foster

eigners hope.

the so called "lost decade"

Brazil had seven years of fall-ing per capita growth. "In the

six years from 1993 to 1998

we'll have an average annual

rate of growth of 4-5 per cent

and inflation will have gone

from 4,000 per cent to one

digit," be says.

potential.

Brazil is lost in a time warp, cut off from its past yet still not within reach of its future. Even the Brazil of two years ago seems to belong to a different epoch. Inflation was then nearly 40 per cent a month, politics was overshadowed by

the mediocrity of former president Itamar Franco and some analysts thought a return to power by the military to be

The success of the "Real" plan, named after a new cur-rency launched in July 1994, has brought inflation to less than 2 per cent a month. The election as president from January 1995 of Fernando Henrique Cardoso, a cautious but talented former sociologist, has introduced a rare stability into

Bnt the Brazil to which leaders such as Mr Cardoso aspire is as elusive as ever. It remains one of the most unequal countries in the world in terms of wealth distribution, with an equally dangerous gap between. the ricb south and poor north. Its buman rights atrocities continue to shock the world, most recently in April when police gunned down at least 19 landless farmers. And the country's politicians, dogged by powerful interest groups, nepotism and corruption, seem increasingly out of kilter with their elec-

Linklog Brazil to its ideal future - defined by most as above average growth, a less intrusive government and a more just society - will not be easy. Mr Cardoso, thanks to the power of the presidency, could play a defining role. But in a country as big and compli-



rates to absorb the unemployment created by liberalising reforms, and to solve Brazil's social problems," be says.

Mr Cardoso's election plat-Seen from close up, however, form aimed to continue the problems in holding the Real restructuring of the Brazilian plan together begin to emerge. economy, under way since The government's failure to 1990. State-led development has been superseded by a greater reliance on the private sector. Mr Cardoso pledged to shrink control spending has forced up interest rates to finance its operational deficit, which last the government and channel year reached 5 per cent of gross domestic product. With spending into key areas such annual real interest rates as education and health. Progress has been erratic. He

above 20 per cent, investment and growth will be well below made a good start last year, changing the constitution to open up telecommunications and electricity to private sector Winston Fritsch, a Rio de Janeiro-based economist, believes the government has competition. But proposals to time to cut spending and raise cut government spending by reforming the social security domestic savings to aim for 6 per cent annual GDP growth. ... system and civil service have His fixation on pushing the You have to raise the growth been emasculated in the lower reforms through Congress has

house of Congress, where party discipline is weak and members of Mr Cardoso's coalition often vote against the govern-

Many of the proposals were controversial and involved reducing special privileges of powerful groups such as judges and the police. But the sel-backs in the reform process have not only undermined Mr Cardoso's authority, they have also used up valuable time,

Traditionally, Brazilian presidents are strongest at the beginning of their mandates, when their popularity is high. With Mr Cardoso beading towards the half-way point in his four year mandate, some analysts worry thet the good part is already over.

His fixation on pushing the

and public opinion on the capital Brasilia and Brazil's corruption and outdated party sys-

Concentration on the reforms has also overshadowed changes elsewhere in Brazilian society, which will ultimately be far more important. They include the slow but steady strengthening of local democracy in the rich south, emerging consumer groups and a more investigative media.

Lowered import tariffs and the Mercosur customs union with Argentina. Uruguay and Paraguay, have forced previously myopic businessmen to look overseas and strive for world standards, suggesting recent productivity gains can be extended. ---Mr Cardoso may yet reinvig-

orate his presidency and give new impetus to the reforms. He has recovered in the past, using his charm and capacity lo build consensus to hold together a fractious alliance. But if he falls, critics wbo pointed to his lack of executive experience and readiness to compromise will feel them-

lves vindicated. Government members often call for patience, arguing that modernising a country with wide regional differences is difficult. They say there are no short-term threats to the econ-omy and that debunking stateled development will take time. "The government has not lost Its impetus, It's just that these reforms are more difficult and they are being discussed in an open democracy," says Marco Maciel, the Brazilian vice-presi-

The weakness of this argument is that it tends to assume delays do not entail costs and losers. Yet, without reform, the government's tax revenues will continue to disappear into Its bloated payroll costs and generous pensions, rather than into the social projects which it admits are needed. More than 90 per cent of revenues are spent on payroll, interest payments and transfers, leaving just R\$550m a month for investment in everything from schools to highways.

The slow pace of change, at

therefore partly to blame for Brazil's continuing under-investment in education and illiteracy rates of above 40 per cent

in several poorer states. Quicker progress could have provided more money for the collapsing public health system, and perbaps prevented the tragedy which took place earlier this year when more than 40 people who used an infected dialysis machine died. And better targeted spending could have helped train police forces to cope with the vio-lence of Brazil's big cities, and not to gun down landless farm-

The April massacre triggered strong reactions from the media and public opinion. Out-rage was probably exacerbated by television pictures of the police opening fire. But this may also have reflected popnlar frustration that baving con-quered inflation, and created a currency as strong as the US dollar, Brazllians were suddenly reminded of how much remains to be done before the country reaches the future it

claims to deserve. Given Brazil's size, natural resources and the creativity of its people, it could play a leading role in the world economy next century. The progress of the past two years has brought this nearer. But the way lems, to tie the present to the both federal and state levels, is future goal, remains elusive.

#### in this survey

- The economy: with inflation under control the next stage of reform is
- The Brazil cost Politics: the coalition remains a prisoner of an out-of-date system
- Privatisation; progress remains slow
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- The regions
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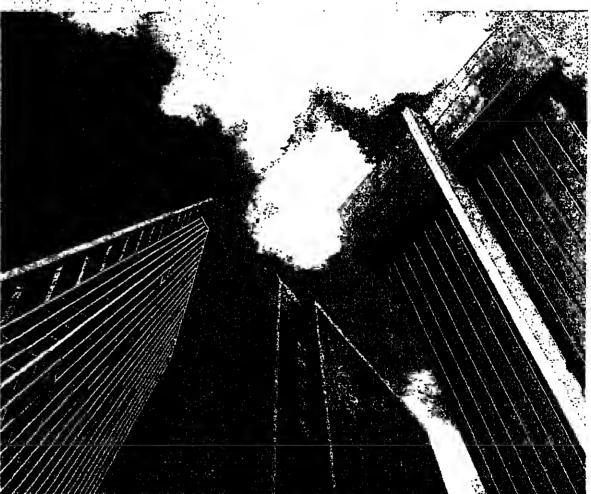
Editorial production: Sarah Murray

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# Cleaner ways with magnets

he ability of micro-organisms lo devonr toxic chemicals is often used to clean up polluted sites. In a variation on this theme, scientists have found a way to use the magnetic properties of some bacteria to remove toxic metals from contaminated water.

These magnetic bacteria could find a role in clearing ont the canals of Venice. Over the years, these have silted up so much that it is sometimes impossible for emergency vehicles to gain

access at low tide.

The canal system is polinted wilb toxic beavy metals from the industrial complexes around the Bay of Venice. That presents difficulties in dealing with the sediments removed after dredging the canals.

A team of sciantists from Italy, the UK and Ukraine helieve that magnetic hngs could provide the answer. The bacteria would attract the heat is in the sediments; the metals and bogs could then be separated from the rest of the sludge hy using a magnetic sys-

The technology was developed at Sonthampton University by Jim Watson and his colleagues when libey investigated the properties of certain hacteria that occur naturally in sewage, deoxygenated water and sediments. It is being commercialised by Biopraxis, a start-np company in which the university has a 25 per cent stake.

The team found that, when mixed with certain metals and nutrients, the bacteria were able to absorb a large amount of certain metals. They sobsequently discovered that the micro-organisms produced an iron sulphide coating that attracts and holds certain metals.

The project, which is seeking funding from the EU's Copernicus project, is linked to another project concerned with the clean-np of sites contaminated with radioactive metals in Ukraine. According to Watson, the technique is inexpensive and can cope with very low concentrations of metals, making it suitable for cleaning np radioactive waste.

Vanessa Houlder

arly io the uext century, those nattily-dressed flight attendants on the world's commercial airlines could find themselves overshadowed by the "smartness" of their own air-

A global race is on to develop the world's first aircraft constructed from structures that will monitor their own health during flight, and warn of any cracks or defects as they occur. Aircraft with feelings, one might say.

These self-sensing structures will replace some traditional ground-based inspection, creating a sea change in the way the health of aircraft is checked, improving safety and reducing maintenance costs.

Aircraft are subjected to cootinuous inspection throughout their life in a battle to detect signs of corrosion or microscopic cracks caused by metal fatigue, which, if allowed to go innoticed, would impair their safety.

impair their safety.

The importance of this regular inspection is illustrated by the few occasions when things do go wrong, such as the case of an Aloba Airlines Boeing 737 flying between the Hawaiian Islands in

In spite of continuous health checks, shortly after takeoff, and at a beight of 20,000ft, a 6m section of the aircraft's fuselage broke away, instantly sucking a flight attendant to ber death and leaving 61 of the 95 pasaengers injured, three critically

The cause of the accident was microscopic cracking of the fuselage which had grown imperceptibly over many years of service and which finally spread as the aircraft climbed to its cruising height.

Monitoring the health of aircraft is a laborious process. Ground staff check an aircraft every time it lands: at regular service intervals aircraft are stripped of their internal fixtures and subjected to detailed inspection, including the use of ultrasound.

The commercial overheads of such a regime are enormous. British Airways alone employs more than 1,000 ataff to inspect and service its 60 Boeing 747s, and the world's airlines spend an estimated \$30bn (£20bu) annually on the costs of repairs, overbauls and spares.

These health checks also reduce the revenue-earning capacity of airlines because they remove aircraft from service for periods ranging from days to weeks.

Health monitoring must remain central to airline safety, bul, as Barry Booth, chief of development engineering at British Airways says: "Airlines welcome any new technology which will improve on their existing practice."

Such a technology is now possible. To create a "smart"

Smart jets that can warn of defects
and repair themselves are now a
possibility, says Cliff Friend

# The feeling aircraft

THESE SELF-MONITORING AIRCRAFT HEALTH CHECKS ARE GREAT BUT I WISH THEY COULD BE MORE SPECIFIC



structure, an aircraft must be covered in a network of sensors, rather like the human nervous system but made of optical fibres, similar to those used to carry telephone calls.

When a portion of optical fibre is stretched or compressed, tha frequency range of the light carried within it changes. Processing these changes by computer allows engineers to detect stress and strain at thousands of separate points along such a fibre.

When bonded to a conventional aluminium aircraft, or woven into the carbon-fibre reinforced plastics (CFRP) now entering service in the latest generation of passanger aircraft, networks of these "optical nerves" will monitor any damage

that davelops through impact, corrosion or fatigme. Demonstrations of this technology already exist. Ray Measures, an aerospace engineer at the Institute of Aerospace Studies in Toronto, has built an experimental section of "sensual" wing for the De Havilland of Canada Dash turboprop aircraft, which is in service with commuter

The wing's leading edge is a particularly difficult region to inspect conventionally and so Measures has incorporated "optical nerves" to inspect it. The wing has not yet flown, but ground tests have shown it can detect the damage which results from impact with foreign bodies such as runway debris and birds.

airlines worldwide.

Worldwide, many other aerospace companies are developing similar demonstrators, including British Aerospace which is working on a sensual fuselage based on similar filtre-optic technology.

fibre-optic technology.

However, sensuality is only the beginning of "smart" aircraft. Work is already under way to create aircraft that not only sense damage but also make themselves healthy

again.
Cranfield University is working on "composite structures" that can "limp homa". These contain muscle-like metal wires that can adapt their shape in response to control signals and be activated at the first sign of damage. These force shut any cracks, minimising the further accumulation of damage and allowing a damaged aircraft to fly safely to its nearest airfield for an emergency landing.

Self-repairing structures are also

becoming feasible.

For example, Carolyn Dry at the University of Illinois is developing composite materials containing hollow fibres that can release adhesive into a damaged region of structure. These will allow localised self-repair, as well as the possibility of repair systems that can be replenished at regular intervals or improved during the life of an aircraft.

aircraft.
When "smart" aircraft will appear
is a difficult question to answer.
Realistically "sensual" structures
will be available in the form of
advanced demonstrators over the
next decade, but self-repairing
structures are likely to be
earth-bound for many years to

However, there is no doubt that "smart" structures will, over the neat 20 years, create a revolution in the way aircraft are inspected and serviced, reducing the likelihood of incidents such as that experienced

by Aloha Airlines.

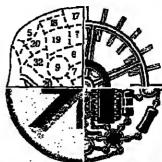
They will also offer improved revenue-earning ability by allowing an airline's aircraft to fly safely for more hours before costly (in commercial terms) human intervention, and offer reduced overheads associated with inspection and maintenance.

inspection and maintenance.
Airlines are already responding positively to this technology. For example, British Airways' engineering division, one of the industry'a leading maintenance and overhaul businesses, is assessing the potential of "smart" aircraft structures.

It is, therefore, likely that smart alreraft will soon be in the world's airline fleet once they are proven to offer improved safety and cost benefits and cleared by airworthiness authorities.

Cliff Friend is head of Cranfield University's smort materials group.

## Worth Watching · Vanessa Houlder



Porous ceiling built for sports centre

Work has begun on a sports centre in Callander in Scotland with a "porous" celling designed to cut down energy consumption and improve air conditions within

and improve air conditions with the building.

The building's loft will be insulated using materials that allow air, moisture and vapour-linked pollution to filter

through them.

A fan will draw a alow-moving stream of air into the hullding through a flue in the roof. As the air moves through the insulating material, it will be heated up. The downwards flow of air should also cut down the energy wastage usually caused by hot air rising to

the top of the building.

The insulating materials will be able to absorb and emit water in a way that stabilises the building's burnidity. This is expected to cut down problems with mould, becteria and viruses.

becterla and viruses.
Gaia, the architects, says
"dynamic insulation" systems,
pioneered in Scandinavia and
continental Europe, have cut
running costs by up to 30 per

Gaia: UK, (0)131 558 1432; fax (0)131 558 1432.

Switch from cobalt for batteries

Rechargeable lithium batteries can store more than twice as much energy for their weight as other rechargeable batteries. But their use has been limited by the high cost and the toxicity of the cobalt component used in the electrode.

Chemisis at the University of St Andrews in Scotland have experimented with an electrode material that replaces cobait with manganese - which is far less toxic and 100 times cheaper than cobalt. According to a report in today's Nature, its charge capacity and stability compares well with other compounds used for lithium battery electrodes. University of St Andreus: UK, tel (0),334 463825; fax (0)1334 463808.

#### Automatic search through a database

Tracking down relevant articles on an alectronic database can be time-consuming. The answer, according to a US electronic business information service, is to offer readers summaries of articles that are antomatically generated using statistical

techniques.
Intell.X says its summaries –
which consist of a few of the most
relevant sentences directly from
the full text of the article – can
cut down the information

overload facing managers. This kind of text-summarising program is an example of "natural-language processing". It which computers deal with information expressed in a buman language. It uses atatistical tools to sift the text to find phrases that occur most frequently. By assuming this is a asure of relevance, the sentences can be ranked in order of importance. Intell.X, part of DataTimes Corporation, used software developed by Claritech Corporation based in Pittsburgh IntelLX: US, tel 703 5247400; fax 703 5247401.

# Plastics sorted with air and water

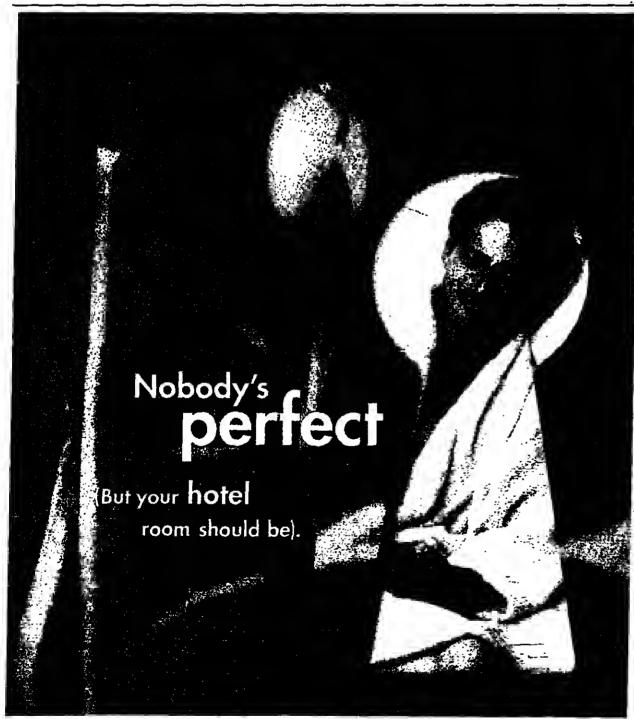
Daimler-Benz has found a way of recycling plastics from disused components and production waste, that dispenses with the need to sort types of plastics hy band. The equipment consists of a glass column filled with several hundred litres of water and air

The technique relies on the different responses of different types of plastic granules when put in water. Plastics that are difficult to wet are more likely to attract air bubbles and float. Conversely, the plastics that are easy to wet, or bydrophille, stick to the bottom of the column.

Tamic acid can he used to separate plastics that cannot otherwise be distinguished using this technique. The acid combines with certain plastics in a way that makes them hydrophilic and allows them to be separated from

Daimler-Benz: Germany, tel 71117 93039; fax 71117 94365.

the mixture.

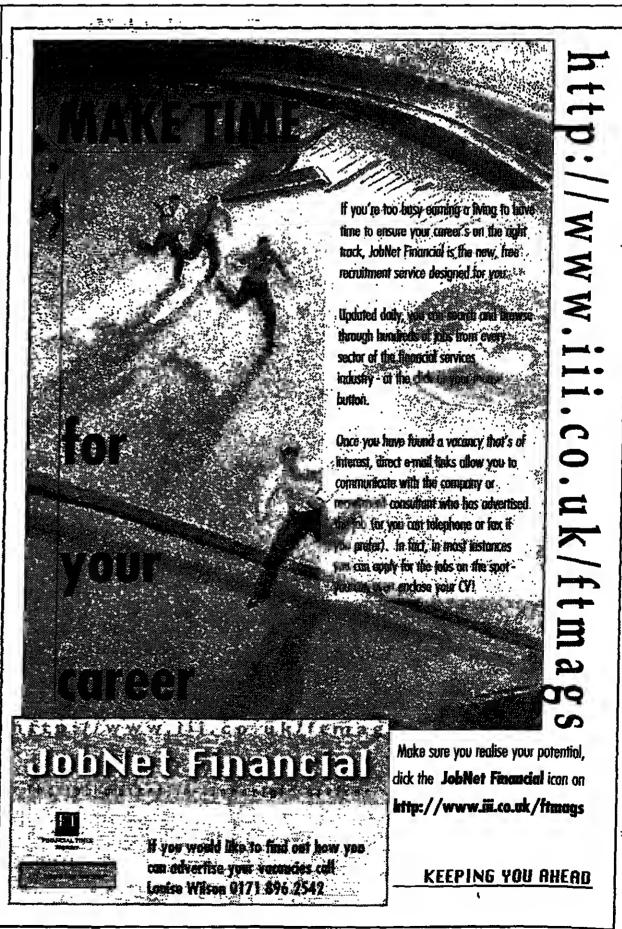


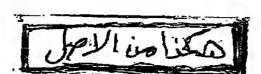
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The Brazil cost: by Stephanie Flanders

# Taking a toll on business

The pressure to reduce the high cost of operating in the country is mounting

Ask a Brazilian businessmen why he has trouble competing in world markets and it is a fair bet that he will start talking about the "Brazil cost", or "a custa Brasil".

Everybody has their own list of factors that make Brazil a costly place to do business; but high interest rates, poor infrastructure, and the tax and social security system would

top most of them. As ministers are the first to admit, opening up the econ-omy and curbing inflation has not lessened any of these problems. Indeed, in the case of interest rates the constraints of the Real plan have made it considerably worse.

Roberto Jeha, the chairman of a São Paulo paper and pack-aging company claims it is now all but impossible for the average Brazilian company to borrow for investment. Interest rates are a good deal lower than they were a year ago, but commercial loans still cost npwards of 5 per cent per

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Mr Jeha believes that the duration of loans is an even larger block on investment. Domestic bank loans rarely extend mnch beyond 3-6 months, and only the biggest Brazilian companies can raise longer-term funds on international markets.

After two years of falling inflation, banks are at last beginning to offer more 12 to 18-month loans, But Paulo Ferraz, chairman of Bozano Simonsen, a leading domestic investment bank, says that a shortage of truly long-term finance will be a reminder of Brazil's past for some time.

"You are not going to get banks lending money for 15 years until the bank's tuvestors are willing to entrust their cash for the same length of time," he says.

In a country with a history like Brazii's, people might down, though a good deal stability before they are will-

Poor infrastructure is hardly a uniquely Brazilian proble But it takes a particular toll on business costs in a country of its size.

ing to take that chance".

Any husinessman can cite examples of producers in the toterior whose costs are a fraction of the international average before they leave the factory, but well above if by the time goods have negotiated their way to port. In the con-gested city of São Paulo, residents joke that they spend half of the work day waiting in traffic - the other half waiting

With every layer of government strapped for cash, the government is pinning its pes on the private sector to put this part of the Brazil cost right. So far the government's drive to open up public infrastructure concessions to private hidders has met with mixed enthusiam at the state level. But the aheer weight of demand in cities such as São Paulo and Rio is forcing the

pace of reform. The hope is that other states will be forced to follow their example, for fear of losing out in inter-state competition to attract private jobs and investment. But it could be many years before most companies feel the effects.

By common agreement, the problem with the tax and social security system is less the size of the revenues collected than the structure. Taxes are skewed heavily towards employment and production, and are often models. of poor design. For example, there are 21 different social security contribntions, many. of which "cascade" down the production chain since they are based on turnover.

Opposition in Congress has put paid to the government's hopes of comprehensive social security and tax reforms this

But reformers are hoping to eliminate some of the system's worst excesses through piecemeal legislation.

Here, as elsewhere, the "custa Brasil" is on the way have to see 15 years of price more slowly than ministers and employers would like.

■ Capital markets: by Jonathan Wheatley

# Premier role still elusive

More reforms are needed if São Paulo is to become the region's leading

financial centre. That Brazil's financial markets managed to function at all during decades of boom, bust and runaway inflation demonstrates their resilience and

sophistication. However, the prospect of sus-tained economic stability means capital markets, particularly stock markets, have some catching up to do. The São Paulo Stock Exchange (Bovespa), although Latio America's busiest, is far from fulfilling its main function as a

source of investment capital.

Dally trading on the Bovespa, at about R\$250m, is half the level it was at the start of the decade, when the government of the former president, Fernando Collor, began diamantling trade barriers and launched capital markets on a wave of optimism. Despite the successes of the incumbent president, Fernando Henrique Cardoso, investors have since got used tn the idea that rebuilding an economy the size

of Brazil's takes time. Low volume on the Bovespa, which claims 90 per cent of Brazilian trading, inevitably leads to low liquidity, exacerhated by concentration in a handful of shares. The market is developing reforms designed to spread liquidity to second and third-tier stocks.

To attract new custom, the Bovespa recently introduced stock lending, and plans to launch Brazilian Depository Receipts. The Idea may sound far-fetched, but the exchange says three foreign companies are already interested.

Volume growth, however, will only come with structural economic reform. Taxation. public administration and pensions must all be overhauled before the government can reduce interest rates to international levels and allow companies to invest in production.

Few investors doubt that the government la on the right track. The US asset management company, Capital Group, which has \$1bn in third party

funds invested in Brazil, demonstrated its faith recently by forming a joint venture with local bank BBA Creditanstalt.

Although many investors have been disappointed by the pace of reform, advances have been made. The government's privatisation programme was boosted last month by the sale of a controlling stake in Light, a Rio de Janeiro electricity company, for R\$2.2bn. Reforms of Brazil'a pensions system have been diluted and delayed by congress, but the changes will still help financial markets. "The reform isn't ideal hut even so it will lead to a big increase in aavings," saya Alberto Alves Sobrinho of Fair Corretora, a São Paulo brokerage. "Some of that will make

its way into stocks." There is little prospect of new stock issues, however. while many companies are trading at helow book value and while family owners remain unwilling to relinquish control, there is little chance of new stock issues. Nor is the fact that many Brazilian com-panies prefer to use fixed-income instruments to raise capital encouraging.

Domestic interest rates are still extremely high by global standards, so much Brazilian debt is placed overseas in Eurobonds and other commercial papers. Public and private issues rose from \$5.96bn in 1994 to \$9.65bn last year and spreads have fallen as confidence in the economy has

Brazilian interest rates have also attracted short-term investment from overseas. Despite the arbitrage opportunities for investors elsewhere in Latin America, however, most of this capital has come from outside the region.

"Investors in other Latin American countries know their own markets well but are less able to gauge risk in Brazil," says Marcio Ferrazoli, a fixedincome trader at Bank of Boston's São Paulo subsidiary.

lf lasting stability is achieved, Brazil will hecome less of a mystery and regional integration should increase. But the Idea of São Paulo becoming the financial capital of Latin America, is, says Mr Ferrazoli, "still on paper".

■ Politics: by Angus Foster

# An increasingly tangled web

The president has had to muster his strength to keep the government's coalition together

Politics in Brazil is so complicated that a word had to be invented for it. "Fisiologismo" was dreamt up to describe the hargaining between different interest groups needed to oil the wheels of Congress. With so many regional and party interests, the bargaining often takes on absurd proportions.

Thus, in order to salvage his reforms on course President Fernando Henrique Cardoso has so far had to promise to refinance part of São Paulo's debts, water down proposals to call to overdue farm loans and speed up government handouts to the poor north-east. It is a system that is far from

idaal, and its emergence is blamed on Brazīl's still young democracy and a distorting election system for the lower house of Congress. "We need reform of the electoral and party systems to guarantee governability," says Marco

reforms which would address some of the problems. But the ideas are controversial and have bardly been discussed, suggesting Brazil will be burdened with its political process for some years yet.

The chief problem is in the lower house where each state is a single constituency and deputies need only a few thousand votes to be elected, especially in the poor north. Deputies tend to represent

narrow, regional interests and often show little concern for important issues affecting the whole of the Brazilian federa-Compounding the problem is

the fact that the 17 political parties in Congress are weak and usually based around powerful individuals rather than ideology. The Democratic Movement party (PMDB), the largest in Mr Cardoso's coalition alliance, is split into four wings divided along regional and personal lines. Some wings regularly vote against the gov ernment when they feel their

interests are threatened. Sitting at the centre of this tangled web is Mr Cardoso, He has needed to muster all his charm and political nous to keep the government's coali-Mr Cardoso hoped when he from his own Social Democwing Liberal Front (PFL). The coalition, in theory, has nearly 350 of the 513 seats in the lower house, easily enough

At the time of voting, however, party loyalty has often counted for little. By the time it was first approved, the social security reform had been subect to so many compromises that some ministers admitted it was only a stop gap measure

addressed again in a few years. The coalition's ideological diversity is another debilitating factor. In a recent vote over cellular telephones, the main argument was hetween coalition allies in the PSDB and PFL, some of which nearly came to hlows. Meanwhile, Mr Cardoso's hopes of accelerating land reform are opposed by the - largely landowning - leaders

which would need to be

"The president is a shrewd politician, but the type of alliances he made will prevent him making things work," says Luiz Pedone, a political scien-

of the PFI.

As if all this was oot complex enough, the issue of re-election will soon make things even more complicated. According to the constitution,

took office to pass political racy party (PSDB) to the right holders of executive office such as the president, state governors and mayors, cannot run for re-election after their fouryear terms. Mr Cardoso is to secure the 308 votes needed almost certain to try and to pass constitutional amendamend the constitution, to allow re-election, once October's municipal elections are

He is likely to be supported by incumbent governors, who would also benefit from the change, hut opposed hy the many potential alternative candidates for president in the 1998 elections

Some of the leading candidates for the post, such as pres ident of the senate José Sarney, may be tempted to put their own interests above those of the government, weakening Mr Cardoso's position in Con-

According to many analysts, Congress rarely votes against the public will and re-election will depend on Mr Cardoso's popularity. "If the people don't want re-election, Congress won't vote it," says Mr Antonio Carlos Magalhães, one of the country's most powerful senators.

According to Mr Magalha the crucial factors will be the inflation rate and cost of living at the end of this year, when re-election will start to be discussed in Congress.



President Fernando Henrique Cardos

The price Mr Cardoso will have to pay for re-election, persuading enough interest groups to support him, is not

Recent opinion polls suggesting his popularity is falling - probably because of concern about rising unemployment and media criticism of the gov ernment's social policies, will certainly raise the stakes when the bargaining, and the "fisiol ogismo" gets under way.

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#### 4 Brazil

■ Privatisation: by Stephanie Flanders

While the valuable public service and utility sectors are now part of the process, progress remains sluggish

Ministers like to say that the six-year old Brazilian privatisation programme has reached "a new stage of maturity" under the government of President Fernando Henrique Car-

The good news, for foreign investors, is that it is finally beginning to touch the hugely valuable public service and utllity sectors that were the highlight of self-off programmes elsewhere in Latin America. The bad news is that this more "mature" process is still painfully slow.

Last mooth's purchase of a controlling stake in Light, the Rio de Janeiro power company by a consortium including Electricité de France (EDF) is a case in point. The auction, the first to involve significant foreign participation, raised \$2.23bn, making It Brazil's largest privatisation to date. But it was also one of the most delayed, with Light having been first proposed for privatisation in 1992.

The sale of the Rio distributor should belp pave the way for the gradual privatisation of the vast Brazilian power generation network, which produces as much energy as the rest of Latin America combined. Like the long-awaited sale of mining giant Companhia Vale do Rio Doce, expected early next year, it will belp President Cardoso deflect claims that privatisation has slowed considerably

since be took office. Between the beginning of 1995 and the Light auction, the Cardoso administration raised a total of \$1.1bn, placing 41 companies either partly or wbolly into private hands. This compares with 33 privatisation offers - with combined proceeds of \$8.6bn - during the previous four years of the pro-

Finance minister Pedro Malan insists that the government is "100 per cent committed" to rolling back these fronbecause it cannot afford not to. Like most economists, he believes banding over large chunks of the economy to the private sector is the only way to upgrade the economy's infrastructure and raise its productive capacity, given the enfeebled state of public

Yet Mr Malan and other privatisation enthusiasts are also pragmatic about bow long il will take the government to translate this theory into practice. The flagship Light privatisation, for example, was rescheduled more times than anyone cares to remember.

Critics see the delays in

these and other key privatisations as a sign of waning goveromeot enthusiasm. But many of those familiar with the administrative and political niceties involved in putting doubt that things could move much faster.

Carlos Langoni, a professor at the Getulio Vargas Foundatioo in Rio, says the current energy and utility privatisations could not move faster because they raise regulatory and competition policy issues not evident in the early stages of the programme

Defenders of the government's record also point to important developments at state and local level which many foreign investors -focused on the "headline", federal privatisation programme tend to overlook.

A severe shortage of public funds is prompting several states and local municipalities to make use of a 1995 law permitting them to grant private concessions for public service projects. Rio de Janeiro has been a piooeer in this, putting many of its roads and bridges up for private contract in the year since the law was passed

The states of Rio de Janeiro and São Paulo have also had to take the initiative in pushing ahead with power privatisation, despite the uncertainties about how the new firms will be regulated at the federal

The São Paulo government has spent the past year preparing to unbundle the state's highly integrated electricity companies into stand-alone generation, transmission and distribution companies. Given the necessary approval from the state assembly (expected in the oext few months), the state energy secretary, David Zylbersztajn, aims to formalise this restructuring in time to start selling off individual companies in early 1997.

Mr Zylbersztajn accepts that it would be preferable to have the new federal regulations agreed before privatising parts of the São Paulo network. But be is confident that foreign investors will be prepared to tainty in return for gaining access to such an enormous market. Eletropaulo, the main distributor for the city of São Paulo, supplies three times more electricity than Light and accounts for 22 per cent of Brazil's electricity consumption.

A consortium of Chilean electricity companies decided at the last minute not to participate in last month's auction of Light, partly on the grounds of excessive regulatory risk. But most analysis are more sanguine. "Yes there's risk," says one, "but if you don't wan! risk, you don't want Brazil."

■ The private sector: by Jonathan Wheatley

# Mature but Restructuring proves slow-moving a painful process

A new market for consumer goods is emerging but many industries find it hard to cope with more competition

Brazil's private sector will remember the 1990s as a time of streouous and often painful readjustment. Falling inflation and the move from a protected, state-led economy to one characterised by open markets and competition have allowed some industries to flourish. For others, the changes have led to cutbacks and closures.

We are seeing a transformation of Brazilian society," says Luiz Fernando Furlan, a director of the São Paulo state todustry federation, Fiesp. New consumers are coming to the market for the first time, hut there is also a lot of suffer-

Industries that have fared better are those catering to the mass market. For years before the economic reform plan of July 1994, high inflation had heen stealing purchasing power from the pockets of ordinary Brazilians, When inflation fell, spending on all kinds of "popular" goods took off.

One example is the beer industry, where consumption rose by two-fifths between 1993 and 1995. Another is chewing gum: in dollar terms, sales rose by 72 per cent last year.

Bigger ticket goods have also benefited. Many Brazilians who for years dreamed of owning a washing machine can now afford one. In February, sales of Brazilian-made white goods were more than 140 per cent higher than in January 1994. Sales of audio-visual goods had more than tripled, These industries, though,

have natural advantages. In a vast country where transport is often precarious, mass-mar-ket goods can only succeed if they have national distribution. It is difficult for new entrants to compete - hence the associations formed last year by Anhauser-Busch and Miller Brewing with, respectively, Antarctics and Brahma, Brazil's two higgest brewers.

Household electrical goods cater to years of unsatisfied demand as do so-called "popucars, no-frills models which take 60 per cent of a market that has doubled in size in the past five years. Other industries were less prepared to withstand the flood of imports caused by falling trade barriers and rising con-

warts of Brazil's economy, footwear and textiles. For manufacturers in these sectors, the removal of trade

sumption. Among the hardest

hit are two traditional stal-

barriers has been doubly cruel For more than two decades. government policy was to protect domestic industry with tariffs that made imports extremely expensive. With little competition, manufacturers were under no pressure to invest in modern machinery. But even those who wanted to were deterred by import duties that put foreign-made capital goods beyond their reach.

Ill-prepared to face foreign imports, many busine failed. Brazil's textiles industry consisted of 830 manufacturers in 1994. Since then a quarter o them have closed with the loss of more than 15,000 jobs. The government responded by raising tariffs again and, last month, by putting tough quotas on cheap imports from Asia. Manufacturers say the measures do not go far enough. Some companies have invested, but their ability to do

so is restricted by the cost of

domestic credit, which the government has kept high as part of its anti-inflationary strategy. As a result, most investment in manufacturing is by Brazilian companies with sufficient

standing to raise capital on

international markets and by multinational companies. The central bank says inreign direct investment in Brazil will double this year to R\$7bn.

The lion's share will go to

multinationals long established in Brazil - Volkswagen, Fiat. General Motors and Ford - are investing in new production lines while a string of Euro pean and Asian manufacturers have announced or are preparthe auto industry. The four ing to announce investments.

They are attracted by the potential of Brazil's expanding market and by the Mercosur customs union formed by Brazil, Argentina, Paragusy and Uruguay. The agreement has boosted regional trade and allowed many companies to treat the four countries as a single market.

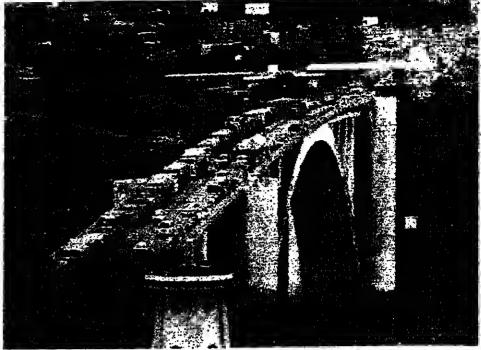
Auto manufacturers have been able to integrate operations in Mercosur, concentrating production of individual models in Brazil or Argentina for export to the rest of the union. Other companies have followed similar strategles: food processor Sadia recently transferred operational control of its Argentine division to its headquarters in São Paulo, Nevertheless, persistent bureaucrary at national borders means it will be some years before Murcusur operates as a geouine single marker.

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The bridge between Brezil and Paraguay:

CASE STUDY Automotive components

# Facing the end of the road

While auto makers prepare for expansion, their suppliers face drastic restructuring. More than 1,000 nents manufacturers operate in Brazil. Analysts expect that number to fall to about 200 in the next few years. Some reduction will come from

mergers and acquisitions but many small manufacturers face extinction. Of the businesses that survive, only a bandful will be leading companies and they will be operating on a reduced scale. David Wheeler, an analyst at brokerage Bear Stearns in San Paulo, says many components makers will see sales down by between 30 and 50 per cent this year. "The industry is going through its second big change this decade," he says.

The first phase was one of expansion in line with the growth in auto productioo. The components industry association, Sindipeças, says sales last year were worth \$16.5m, up from \$12.2m in 1990 But two factors are forcing

manufacturers to cut back. One is falling sales of agricultural equipment resulting from a credit crisis amnng farmers. A longer-term change is the trend in the world anto industry towards standardisation and global sourcing. Combined with falling trade barriers

and an industry agreement within the Mercosur customs union, this means manufacturers will rely more on overseas suppliers and on big local

companies operating in partnership with multinational groups.

With production set to rise from 1.6m vehicles last year to 2m by the end of the decade, the ontlook is not all bleak. But the industry can already produce 2.5m vehicles annually. As the average age of vehicles drops the market for replacement parts will shrink and longer

warranties will demand longer-lasting parts. Big Brazilian manufacturers such as lochpe-Maxion, Cofap, Metal Leve and Marcopolo will probably survive in the tougher climate. But for many, Brazil's increasing involvement in the global economy will mean the end of the road.

**Jonathan Wheatley** 

■ The regions: by Leslie Crawford

# The great gulf widens further

Development policies have failed to tackle the growing gap between the poor north-east and the rich south

There is a Berlin Wall dividing the north-east from the rest of Brazil," Cicero Lucena, minister for regional policles in Brasilia, recently told the

eekly magazine Veja. His joh is to tear this wall down. But to do so. Mr Lucena must first address the question of why 35 years of federal development policies have failed to level the inequalities which divide the poor north-east from the rich south of Brazil.

Virtually every socio-economic indicator in Brazil points to a widening gulf between the two regions, as the behind in the development race.

In a 1993 study the average head of fallure. housebold in the north-east region the south, died some 10 years younger and was twice as likely to be illiter-

Less than half the population in the north-east had access to potable water, compared to 74 per cent in the sonth. Almost one-third of the population in the north-east earned less than the minimum wage of \$112 a month, against 18 per cent in the rest of Brazil. The north-east, home to 30 per cent of Brazil's population, produced only 15 per cent of the country's eco-

Even in death the regions were worlds apart: while preventable infectious diseases remained the main killers in the north-east, southern Brazil

north-east is left further and further lans were more likely to die from first incentives in order to persuade comworld ills such as cancer or heart

has invested R\$5.6bn in the region since its creation in 1959, according to Mr Lucena's calculations. Over the years, bowever, the agency, called Sudene, earned a reputation for corruption, then inefficiency, and finally irrelevance.

"The whole rational for having agencies like Sndene needs to be rethought." says Rodolpho Tourinho. finance secretary for the state of

"Tax holidays and other fiscal incentives are no longer enough to attract investments to the north-east. We need new policies to foster devel-

Past governments offered generous

panies to move to the north-east. In the 1970s, the decade of Brazil's "eco-Brazil has a specific federal develop- nomic miracle", the state also played of less-developed regions, building, for example. Brazil's blegest petrochemical complex outside Salvador, in

> Federal government deficits in the 1990s make it less likely that the state will continue acting as a catalyst for the development of the north-east. In any case, past policies have been discredited for concentrating wealth in the hands of a few industrialists and

commercial farmers Critics say the old model of development encouraged the wrong kind of industry to locate in the north-east: petrochemicals, aluminlum, paper and pulp plants and metal refineries

are all capital intensive. They could

problem, or raise living standards of rural and urban poor. Even when federal government pro-

tence farmers into the formal econ-

omy, the effort often stumbles upon

not solve the region's employment

the lack of formal education in rural communities. Irrigation projects along the River São Francisco have transformed pockets of the north-cast's arid interior

into thriving centres of agricultural But those responsible for the trans-

formation are, in the main, commer cial farmers from the southern part of Brazil.

Local farmers, with little experience in marketing produce or negotiating bank finance, have been less success-

ful with their irrigated plots. Continued on page 5

# Tocantins State - A new frontier for investments

Linking the domestic economy with the international market. Tocantins offers excellent business opportunities to the private initiatives in key areas such as:

FORESTRY, REFORESTATION, MINING, TOURISM, ELETRICITY GENERATION, AGRI-BUSINESS (SOYBEAN, CORN AND TROPICAL FRUIT INDUSTRIES).

The Tocantins economy is based primeraly on extensive cattle ranching, in some regions, such as the south-center and, southeast, we can see enormous expansion of commercial agriculture, and the intensive use of modern techniques and equipment.

The important factors enabling the improvement of agriculture and canteranching are:

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- The largest expanse of land fit for cultivation in the world: extending over 1.2 million hectares along the Javaes river valley:

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Geographically well located, the State of Tocantins has excellent hydro potential around 6.000 MW. The "Lageado" power plant alone, due to start construction in 1997. will offer 1.000 MW. The completion of the dam will create a bridge crossing the Tocanting over, allows commercial navigation, and creates a wonderful lake on The edge of the capital city Palmas.

Secretary of Industry Commerce and Tourism

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GOVERNMENT OF THE STATE OF TOCANTINS ...

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#### IN BRIEF

## Rhône-Poulenc set for US disposals

Rhône-Poulenc, the French chemicals company, is set to announce the sale of US drugs businesses worth more than FFribn (\$198m), as part of a FFr10bn programme of disposals. Page 17

Eanjui to quit as Repsol chief

Mr Oscar Fanjul is due to resign as chief executive of Repsol tomorrow, after the Spanish energy company holds its annual meeting, to be replaced by Mr Alfonso Cortina, chairman of Portland Valderribas, the cement company. Page 16

if in the black but warns on debt iri, the Italian state holding company, reported its first profit at group level since 1990 thanks to con-tinuing disposals which raised about L1,400bn (\$906m). But it again warned that if it failed to sell its stake in Stet, the telecoms holding company, this year, it would miss European Commission targets on debt reduction. Page 16

TDK sells US chip unit for \$575m Texas Instruments of the US, one of the world's leading semiconductor makers, has acquired Silicon Systems (SSi), the US semiconductor arm of Japan's

TDK, for \$575m. Page 19 Flacal to reorganize data products side A 21 per cent rise in annual profits at Racal Elec-tronics was marred by the announcement that the UK data communications, telecoms and electronics group is to restructure its data products business at a cost of £20m (\$30.4m). Page 21

India expects tea prices to stay firm India, the world's largest producer of tea, expects prices of the commodity to remain firm this year, in spite of record production. Page 22

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| Palls            | 40    | - | 7.7  | Necessidye      | 886    | - | 49     |
| Mile-2-Boy Chair | 30%   | _ | 2%   | HONG KONG       | BUCS   |   |        |
| Ziog             | 33    | _ | 2    | Piece           |        |   |        |
| LONDON Me        |       | - | •    | JCC Hides       | 6.60   | + | 9.30   |
| Rices            |       |   |      | Luro Kae        | 2.22   | 5 |        |
| Bluebird Toyu    | 275   | + | 27   | card in         |        | + | 0.285  |
| Cains            | 226   | Ŧ | 30   |                 |        |   |        |
| Recold           | 312   | Ξ | 15%  | Mong Pao Ent.   | 3.80   |   | 0.25   |
| Felia.           | 312   | • | 1572 | Calle           |        |   |        |
| ABG              | 29514 | _ | 2116 | China Elec.     | 2.52   | 5 |        |
|                  | 106%  |   | 19   | On- a rad-      |        | _ | 0.225  |
| Eurotunnel       | 100   | - | 9    |                 |        |   |        |
| Front Grp        |       | - | •    | Grand Driest    | 2.12   | 5 |        |
| TOHORTO (C       | -     |   |      | Gan oler        |        | _ | 0.25   |
| Moos.            | 12.50 |   | 1.00 | Onlean Hidge    | 3.20   | - | 9.15   |
| Ell Eco Logic    | 10.60 |   | 9.90 | BANGKOK F       | ebit   |   | -      |
| Melti-Corp       | 14.40 |   | 3.15 | Rites           |        |   |        |
| Tee-Court El     | 14,40 | * | 1.10 | Post Publish    | 400.00 | + | 194.00 |
| Falls            | 19,75 |   | 1.95 | Safety tree     | 30.25  |   |        |
| Aber Resources   |       |   | 1,25 | Trop Carring    | 13.00  | • | 5.30   |
| Jed Curator      | 13.95 |   | 2.25 | Palls           |        |   |        |
| Sin West Gold    | 23.50 | - | La   | Sub Srt Their   | 45.00  | - | 5.00   |
| PARSE (FFT)      |       |   |      | Their Roh       | 48.50  |   | 5.00   |
| Rivos            |       |   |      | Us Bank of Bick | 96.50  |   | 10.50  |
| BIC              | 640   | + | 45   |                 | 20.00  | _ |        |

# Saab to manufacture three models

Saab Automobile, the struggling

Saab, co-owned by GM and investor, the main Wallenberg empire holding company, said it would launch a luxury car in the first half of 1997 to add to its 900 and 9000 models as part of its drive to increase annual output from just under 100,000 units last year to 150,000 by 2000. Previously, the new car was billed as e replacement for the 9000.

The company also announced gest single market. Saturn has achieved fast sales growth and high customer loyalty since it

Saab chief executive, said Saab intended to restructure its 300strong chain of dealerships in the US to broaden their geographical sation on Saturn distribution. sales and servicing techniques. The target was to raise annual

Saab is battling for survival after running up net losses of almost SKr9bn (\$1.3bn) since GM bought 50 per cent of the com-pany in 1989. It returned small profits in 1994 and 1995, but slid to a SKr333m loss in the first quarter of this year when sales in the US fell 21 per cent. GM and Investor are negotiating a further refinancing package for Saab, in addition to the SKrSbn in capital they have jointly invested to

Mr Butler-Wheelhouse said in an interview the new car would producing it for at least another

five years." he said. The new model will be built on a new front-wheel drive chassis, sourced from GM but adapted by Sasb. It will include an estate car version to be launched in 1998. the first Saab estate since the

in the US, Mr Butler-

take advantage of Saturn's training and support systems to sharpen its sales effort. He said co-operation could develop in all "behind the scenes" functions and he held out the possibility that some Saturn dealers could also become Saab dealers. Volvo, the Swedish car and

truckmaker, signalled yesterday it intended eventually to start car production in the US with a model built specially for the US market. It declined to give any timetable. Saab approaches crossroads.

# Australia launches A\$4bn sale of bank stake

The Austrellan government yesterday launched the country's first sale of partly paid shares as part of its biggest public share offer, the A\$ibn (US\$3.2bn) privatisation of Commonwealth Bank. Mr John Fahey, finance minis-ter, said the government would ell its remaining 399.1m shares, a 50.4 per cent stake, in Commonwealth. Australia's largest retail bank, for a first instalment of

A\$6.00 per share. The final price will be fixed on July 13, after orders have been received from investors, and the second instalment will be due in

November 1997. The government sold a 30 per cent stake in Commonwealth in 1991 and another tranche in 1993, cutting its holding to 50.4 per cent. The final privatisation this year will involve four elements: The buy-back from the government by Commonwealth of 100m of its own shares, at a maximum price of A\$10.70 a share,

 An entitlement offer to exist ing shareholders, who may apply for one government share for every four they oow own. A public share offering backed by a large sales campaign.

 An institutional offering of a minimum of 140m shares. Commonwealth shares closed 4 cents higher at A\$10.04 yester-day, but the final offer price is expected to involve a premium to the market because investors will only have to pay the first A\$6.00

instalment up front. Investment bankers managing the issue said the idea of partial payment had been borrowed from British privatisations, but the details had had to be adjusted. In the UK, the government has held on to the partly-paid shares, but in Australian law, investors would have been liable to capital gains tax when they paid up the Varity, yesterday announced a final instalment. To counter this, sharp fall in first-quarter net the shares will be held in the final instalment. To counter this, tors will be given a tradeable

"instalment receipt". Because investors will be entitled to 18 months of dividend payments before they have to pay for their shares in full, the investment is estimated by Mr Alastair Hunter, analyst at brokers J. B. Were & Sons, to yield an annual return of 17.2 per cent or 26.8 per cent gross for Australian investors who can benefit from the attached tax credits.

Mr David Murray, Commonwealth's managing director, said his was "one of the few government banks in the world to have come out of state ownership in such terrific shape". Nevertheless, he said privatisa-

tion would allow the bank to manage its capital more flexibly. even though for the time being it was flush, with a Tier 1 capital adequacy ratio of 8.7 per cent even after the share buy-back. The organisation's culture would benefit from clarity about its ownership, he said.

Australian bank shares have been hit over the last week by the sale of a 6 per cent stake in Westpac Banking and by increasing competition over mortgage prices. Commonwealth led the wey by cutting its mortgage rate from 10.5 per cent to 9.9 per cent. That led analysts to cut profits

forecasts for 1996-97 to about A\$1.1bn but because of the share buy-back, earnings per share are still expected to grow nearly 6

North America in preparation for the institutional offering July 9-12. The domestic public offering and the entitlement offer to existing shareholders will run from June 17 to July 5.

#### the eppointment of Mr Joel sales in the US from 25,000 to be added to the Saab range above 40,000 by the end of the decade. Manby, a senior executive at Satthe present top-of-the-line 9000. urn Corporation, as head of its operations in the US, Saab'a hig-"The 9000 has continued to sell strongly and we will carry on

Swedish carmaker managed and half-owned by General Motors, is to produce three models for the first time and revamp its US sales operation along the lines of GM's innovative Saturn subsid-

**Swissair** 

and BAA

for Allders

Swissair yesterday appeared to

be heading for victory in its bid battle with UK airports operator BAA for the duty-free operations

of Aliders, the UK retail group,

after a hectic day featuring higher offers from both compa-

clarification of several issues.

the Allders duty-free unit, from

£130m to £145m, only to be

topped almost immediately by

Swissair which raised its bid by

£15m to £160m. BAA said it was

not prepared to raise its offer fur-

ther, but did not formally with-

the auction by climbing 8 per

cent to 215p. Swissair's latest

offer is worth 230m more than the BAA terms which Allders

was recommending until Tues-

Mr Des Wilson, of BAA, said:

"We are not going to raise our

offer, but we are examining a

number of options to press on with our strategy of developing

our worldwide duty-free bust-

It is widely presumed that BAA

will move to cancel the manage-ment contracts it has with Alld-

ers at seven UK airports, includ-

ing Heathrow and Gatwick, and

operations. Allders also has duty-

up its own duty-free

them," said Allders.

draw from the battle.

By Christopher Brown-Humes

lift bids

was launched by GM in the mid-Mr Kelth Butler-Wheelhouse.

BBA may scupper Varity deal

BBA Gronp, tha British engineering company, yesterday threatened to scupper the \$3.2bn

By Tim Burt in London

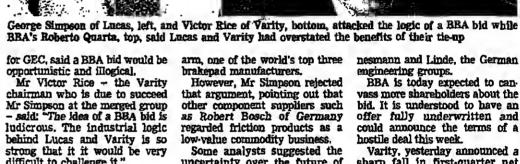
(\$4.8bn) merger between Lucas Industries and Varity Corporation of the US by mounting a hostile bid for the UK automotive and aerospace manufacturer. The company, which has been

considering a Lucas bid for more than a year, was forced to clarify its intentions by the Takeover Panel, which regulates and monitors takeovers in the UK, following intense market speculation that it was weighing up an offer of about £2.5bn. BBA said it was reviewing the

Allders said it "looked favourahly" on Swissair's £160m (\$243m) possibility of making an offer foloffer, which was made after BAA lowing the announcement last raised its offer from £130m to week that Lucas and Varity were merging to create the world's sec-£145m and said it would not go above. But Aliders stopped short ond largest brakes manufacturer. Shares in BBA fell 211/10 to of formally recommending the offer to shareholders pending 2951/an amid concern among some institutional investors and City "We have to be confident that analysts that the company could not afford the deal without riskshareholders will approve the Swissair offer before we put it to ing earnings dilution. Lucas shares rose 8p to close at 254p, A day of drama began yester-day morning when BAA lifted its offer for Allders International,

valuing the company at £2.24bn. One BBA shareholder praised the group's return to profits under Mr Roberto Quarta, chief executive, but said: "This deal may be too big to swallow; it's risky and it lacks clear focus." Although other investors also expressed misgivings, BBA indi-

cated that many institutions were supportive. If it proceeds announce a hefty rights issues and draw on more than £500m of borrowings to fund the deal. Mr George Simpson, the Lucas chief executive departing shortly



difficult to challenge it." that Lucas and Varity had overstated the benefits of their tie-up. He claimed there was more synergy by adding Lucas's brakes business to its friction products

arm, one of the world's top three brakepad manufacturers. However, Mr Simpson rejected

that argument, pointing out that other component suppliers such as Robert Bosch of Germany regarded friction products as a low-value commodity business. Some analysts suggested the uncertainty over the future of

ders to emerge. But Siemens, regarded as a possible white knight, said it had no interest in joining the fray. Other contenders are thought to include Mannesmann and Linde, the German engineering groups. BBA is today expected to can-

iss more shareholders about the bid. It is understood to have an offer fully underwritten and could appounce the terms of a hostile deal this week.

reduced sales of \$585.1m In New York, Varity shares fell

\$1% to \$47%, in early trading.

# asa signs over control of Dornier

By Andrew Fisher in Frankfurt

Daimler-Benz Aerospace (Dasa) yesterday used a legal manoeu-vre to override objections from shareholders in its loss-making Dornier aircraft subsidiary to sign over control to Fairchild Aircraft Holding of the US. Dasa said Fairchild would hold

free operations in Europe, North 80 per cent of a new holding com-America and Australasia pany into which Dornier's civil aircraft activities would be trans-It was unclear last night whether an extraordinary general meeting, called to vote on ferred. The deal does not include Dornier's military aircraft busi-BAA'e original £130m offer, would go ahead next Monday ness, property assets or non-aerospace activities in space, defence and satellite technology. or whether a new meeting would be convened featuring a fresh The announcement was made resolution and the Swissair terms. Allders said it accepted

still needed to clarify some Swissair has said it wants to build up its duty-free activities through its Nuance eubsidiary,

there was a firm offer for £160m

on the table from Swissair, but it

pertly to reduce its dependence on its core airline business. Analysts say it is paying a befty price for the Allders business, given the likely loss of the BAA management contracts and

a European Union threat to scrap

duty-free sales from 1999. intra European sales account for a third of the Allders dutyfree business, which last year made operating profits after exceptional items of £11.7m.

holders at which most familyowned shares were voted in favour of the deal, though a handful voted against. Because of the legal terms under which Daimler-Benz took control of Dornier in the late 1980s - it now owns 57.5 per cent - the Dornier family in theory has a veto right over important decisions concerning the company.

But Dasa said the veto did not apply in the case of the Fairchild contract because it involved a separate holding structure rather than sn outright cale. Dasa announced this "detour" solution" last week and has threatened minority shareholders with after a meeting of Dornier share- a DM719m (\$479m) lawsuit if a deal was blocked. It said yesterday the veto also went against sharebolders' responsibility for Dornier's well-being. Dornier will have a 20 per cent

stake in the new bolding company. Dasa said the deal substantially improved the chances for continued success of the Dornier 328 regional 33-seater aircraft and thus for the survival of the Oberpfaffenhofen plant near Munich which employs about 2,200 people.

However, Fairchild's plans are reported to involve the loss of about 500 jobs. While Dasa is expected to provide around DM300m to help cover future Dornier losses and redundancy costs.

need for job security and the continuation of the present production programme at the start of negotiations with Fairchild. Fairchild had made profits

since 1991, despite deteriorating

market conditions, Dasa said Dornier, on the other hand, made a DM499m loss last year. This was part of an overall DM5.7bn loss by the Daimler-Benz vehicle, aerospace and engineering group which bas forced it into extensive rationalisation and cost-cutting. No financial details were given for the Fairchild transaction through which Daimler-Benz aims to solve one of its tricklest remaining problems.

# **UK pair to stand for Danzas board** from discootented shareholders.

Directors of Danzas, the Swiss freight forwarder, are resisting attempts by Sir Michael Edwardes, former chairman of British Leyland, and Mr Nicholas Berry, a UK investor, to join the board to help improve the company's lacklustre performance. Mr Berry, who owns 3.2 per cent of Danzas's registered shares giving him a 2.5 per cent capital stake, has also offered shares worth SFrl4m (\$11m) to set up a performance-related share option scheme for management. Such an offer by a shareholder is thought to be unprecedented in Switzerland. Mr Berry also wants Danzas to

return value to shareholders. Foreign investors rarely inter-vene in Swiss corporate affairs. Until recently they were barred even from owning voting shares in most big Swiss companies. Swiss investors have traditionally left managements to run their companies unchallenged.

But there have been signs. notably in the battle between Union Bank of Switzerland and its biggest shareholder. Mr Martin Ebner, that investors have become keener to exert influence. Mr Berry, chairman of Barlows,

the UK property company, and of specialist publisher Mintel, said he and Sir Michael would put themselves forward at Danzas's annual meeting on June 14.

Despite the opposition of the current board, Mr Berry said that he expected significant support

Danzas, one of the world's biggest forwarding and logistics groups, has produced indifferent results for some years. Last year, turnover fell more than 9 per cent to SFr4.02bn, while net profits halved to SFr6m. This year it announced a reorganisation and the loss of 2,000 jobs.

Separately, Danzas said yesterdev it had signed a letter of intent for European co-operation with UPS of the US, the world'e largest package distributor.

Bank officials are now embarking on a 21/-week roadshow in the eastern Asia, Europe and

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# Saab approaches crossroads after six-year overhaul

Swedish carmaker's tie-up with GM's Saturn unit is a milestone in its relationship with its US part-owner

eith Butler-Wheel-house, the chief execunouse, the time the tive of Saab Automohile, jokes that the Swedish carmaker is "a wart on the tail of the dog" because it is such a small part of the empire of General Motors of the US. which manages and half-owns

in recent years the "wart" has caused some pain, running up almost SKr9bn (\$1.34bn) in net losses since GM bought a half-share in 1969 and fuelling speculation among motor industry watchers that Saah is fighting a losing battle for

long-term viability. Late last year, GM's Swedish co-owner, the Wallenherg group lovestor, publicly expressed concern about Saah's future as it tumbled hack into the red. Although Saah returned a small full-year profit in 1995, it ran up losses of SKr333m in the first quarter of this year as car sales fell 12 per cent.

But Saab's British-born chief is anxious to rehuff the impression that Saab's survival is in question. "We are a boutique, yes," says Mr Butler-Wheelbouse. "But there is still a place for us in the world market.

Saah, be adds, still fulfils the promise for GM of winning customers willing to pay a premium for a high-priced, European luxury marque which is not otherwise available in the

"This brand appeals to different customers and we can't replace those customers (with other GM brands]," he says. In fact, Mr Butler-Wheelhouse argues, Saab is only just reaching what he calls the crossroads in its six-year overhaul hy GM. To date, the com-pany bas alashed staff and introduced lean manufacturing techniques and is producing its annual output of 100,000 cars with balf the workforce it

needed for the same numbers

It bas made beavy cost savings hy integrating compo-nent purchasing and manufacturing with GM companies. Crucially for a company com-peting with the likes of BMW and Mercedes, it is also receiving high quality ratings after

dismal rankings in the past.
"Net of exchange rate fluctuations, we are basically breaking even now." says Mr Butler-Wheelhouse. The key to the future is to sell a lot more After almost four years in

|      | Profit/(loss).<br>Skr | Car    |
|------|-----------------------|--------|
| 1990 | (3/26 bn)             | 93,200 |
| 1991 | (2.24 bn)             | e7,500 |
| 1992 | (2.89 bot             | 86,600 |

1994 702 m 88,700

(1.37 bn) 73,800

1996 (333 m) 22,400

charge, Mr Butler-Wheelhouse is increasingly tipped to be moved on by GM soon. But he has set in train two developments crucial to Saab's quest to "sell a lot more cars".

The company is to launch a new model early next year and is setting out to revamp its sales and distribution network with the aim of increasing its volumes by 50 per cent by the end of the decade.

An important step is being taken in the US - Saah's biggest market - where Saah is aiming to capitalise on the success of GM's Saturn subsidiary. which has huilt up strong sales and high customer loyalty in

Saah has hired Mr Joel Manhy, a senior Saturn executive, as its US chief and says more Saturn executives will be hrought in to shake up the Saah US operations.

A vital part of the Saah strategy is to retain its individual brand identity. But Mr Butler-Wheelhouse says it now intends to copy Saturn's sales, distribution and servicing tech-niques and eventually develop closer co-operation "behind the scenes" between the two operations.

aab's 300-strong string of dealers in the US is to be overhauled to achieve a broader geographical spread its sales are concentrated in the north-east, the west and the Chicago area - and to shadow more closely the Sat-In time, Mr Butler-Wheel-



Keith Butler-Wheelhouse: 'still a place for us in world market'

house says, some Saturn dealers may take on Saab dealer-

The overall aim is to raise US sales from 25,500 last year to 40,000 a year by 2000. Saah is also to focus its sales efforts on the UK, France, Germany, Italy and Japan, which it identifies as the top potential growth markets for its class of

Closer co-ordination with GM networks in these countries is also on the cards. One example cited by Mr Butler-Wheelhouse is fleet sales in the UK, where Saab could be a topof the line complement to Vauxhall's range.

The push to enhance sales comes as Saab is preparing to add to its two-model range with a new car next year, codenamed the 640.

Saab has surprised motor industry observers by revealing that the new car, to be launched in the first half of 1997, will add to its 900 and 9000 models, not replace the latter as was originally under-

The new car, built on a new GM-derived platform, or chassis, will become Saab's top-of-the-range model, pitched above the old 9000 in specification and designed to compete against cars such as the Mercedes E-class and BMW It will include an estate-car

version to be launched in 1998 - the first Saab estate since

otor industry analysts have argued that Saah needs both higger volumes and enhanced exploitation of its links with GM to survive. But the company is attempting to achieve these against a background of weakening sales and tough

price pressure.
"It should he possible to secure a niche of the size Saab wants. The question is wbether it can be profitable," says Mr Nigel Griffiths of DRI McGraw Hill in London.

Both GM and Investor evidently believe it can. Despite the clear reservations it expressed late last year, investor has since restated its commitment to Saab and both own-ers are thrashing out the terms of a new refinancing package to carry the company through

its next stage of development.
No details of the size or shape of the refinancing have vet been revealed, but Mr Butler-Wheelhouse says they are based on the assumption that Saah will have established sustainable profitability by the turn of the century.

As the owners have already jointly stumped up SKr8bn in earlier capital injections, the pressure on Saab finally to achieve that target is great.

**Hugh Carnegy** 

# Iri in the black but warns on debt level

By Andrew Hifl in Milan

Iri, the Italian state holding company, yesterday reported its first profit at group level since 1990 thanks to continuing disposals which raised about L1,400bn (\$906m).

But the group again warned that if it failed to sell its stake in Stet, the telecoms holding company, this year it would miss European Commission targets on debt reduction. The state holding company

also postponed approval of Alitalia's plan for a L3,000bn capital increase over the next five years, because unions had not yet approved the drastic restructuring proposed by the state airline's new manage-

Iri reported a consolidated group profit of L638bn after tax for 1995, compared with the 1994 loss of L354hn. After minority interests, Iri's share of the subsidiaries' results was a loss of L1,193bn, against L1,750bn in 1994 Operating profit at the group rose from 1.8,691bn to 1.9,243bn.

pany level, net debt was

against 1.23,040hn a year ear-lier. In 1993, the Italian government committed fri to cut par ent company debt to about L4,600bn by the end of this

Although iri also intends this year to sell its shares in Autostrade, the toll-road company, only the sale of Stet would raise sufficient money to reach the target. The new goverument has indicated in the past few days that although the privatisation is a priority, it could take time to establish the regulatory mechanism for

At group level, Iri was carrying some L56,100bn of debt at end-1986, L4,200bn less than at

the end of 1994.

Iri, which owns 90 per cent of Alitalia, said it had decided not to attend the airline's June 10 shareholder meeting to approve the planned capital

That means approval of the plan - which envisages an ini-tial L1,500bn capital injection from Iri - will slip to June 28 at the earliest. To date, only Alitalia managara have approved the restructuring, which will involve almost 3,000

# **NEWS DIGEST**

# VW lifts market share in W Europe

Volkswagen, the German vehicles group, reported a 14.4 per cent rise in unit sales for the five months to May, because of strong demand in western Europe outside Germany. Europe's largest carmaker said its west European market share had risen from 16.5 per cent to 17 per cent. West European unit sales outside Germany surged 21.7 per cent, while in Germany

unit sales rose 1.9 per cent to 426,000 vehicles.

At the company's annual meeting, Mr Ferdinand Piech, chairman, said "the good start in 1996 notwithstanding, the Volkswagen group has not yet achieved its financial aims". promising further productivity improvements.

Yesterday's meeting was preoccupied to a large extent with VW's dispute with General Motors, the US motor group, over allegations that VW had engaged in industrial espionage. VW recently launched a defamation suit under German law to stop GM making what it considers defamatory claims, while GM hrought a civil suit in a US court. Mr Klaus Liesen, chairman of the supervisory board, yesterday reiterated that VW had never been in in possession of internal GM documents. A German prosecutor is to decide later in the year whether to bring criminal charges in connection with the allegations. Wolfgang Munchau, Hamburg

#### Sol Melia drops US plan

Spain's Sol Melia botel group, which has interests in Cuba, has cancelled the US part of its \$275m international flotation because of a new US law which attempts to ward off investment on the island, bankers involved in the transaction

said yesterday.

It is understood that UBS, the bank arranging the transaction, bas decided not to proceed with plans to sell the equines into the US because of the problems which could arise from the legislation and will concentrate on placing the shares with European investors instead.

US banks involved in the offering are also believed to have pressed for the US tranche to be cancelled for fear of becoming tainted in the eyes of the US authorities. Part of the so-called Helms-Burton law seeks to refuse US visas to senior executives of foreign companies considered to have trafficked with property expropriated by the Cuban government from US nationals.

Mr Jaime Puig de la Bellacasa, Sol Melia's deputy financial director, told the Financial Times last week that although the company's lawyers had given the all-clear. Sol Melia was prepared to abandon plans to market the shares to US

#### SA Breweries in Polish move

South African Breweries, the brewing and hoteis group, has become a strategic investor in Poland's Lech brewery in Poznan in partnership with Euro Agro Centrum, a local food processing company. SAB already owns breweries in Hungary and Romania. The South African company, backed by EAC, is expected to win a tender for a controlling stake in the state-owned Tychy brewery, Poland's second-largest producer

which controls a 12 per cent share of the market. The Lech brewery was privatised two years ago through a sale to EAC which is owned by Mr Jan Rulczyk, a local entrepreneur. EAC then promised to retain a controlling interest in Lech until the end of next year. However, SAB now

has a third of the places on the brewer's supervisory board and has executives in key positions at the company. SAB won control of a 15 per cent stake in Lech by buying shares in an offshore company owned by Mr Kulczyk which currently holds 43 per cent of the brewery's equity. Terms of the sale which took place last autumn have not been disclosed EAC originally paid 20m zloty (\$7.5m) in September 1993 for a 40 per cent stake in Lech and promised to invest \$65m in the Christopher Bobinski, Warsau

#### Greeks buy Turkish mine stake

Silver & Baryte Ores Mining, the Greek perlite and bentonite producer, has acquired a 49 per cent stake in Pabalk, a Turkish mining company, as part of its strategy of diversifying sources for its perlite processing operations. The move is unusual for a Greek company as Greek-Turkish political

differences tend to discourage cross-border investment.

Silver & Baryte said the 31m investment was made through the group's German subsidiary, S&B Holding. Pabalk produces around 30,000 tonnes a year of high-quality perlite at mines in the Marmara region near Istanbul. The Greek company has also bought a 50 per cent stake in Sarda, a perlite producer in Sardinis for about \$1.5m. Sarda produces about 65,000 tonnes yearly of raw perlite.

Silver & Baryte is Europe's largest producer of perlite, mainly used as an insulating material. Its pre-tax profits for 1995 rose 58 per cent to Dr3.1bn on a 40 per gain in turnover to Dr13.3 bn (\$55m). Kerin Hope, Athens

1

# Fanjul due to step down tomorrow as Repsol chief

Mr Oscar Fanjul is due to resign tomorrow as chief executive of Repsol after the Spanish energy company holds its annual meeting, to be replaced by Mr Alfonso Cortina, chairman of the cement company. Portland Valderribas.

Mr Cortina will join Repsol's

The change at Repsol, which is 10 per cent state-owned, follows the formation of a centreright government last month and is one of the most controversial of those in progress in leading corporations linked to the public sector.

Mr Fanjul's departure has caused concern among interna-tional institutions, which rep-resent some 32 per cent of the oil, gas and chemical group's equity.

Critics of the move say that Mr Fanjul has been responsible for the corporation's successful expansion over the past decade and that he has fallen victim to the machinations of Banco Bilbao Vizcaya, the big domestic bank which owns 7 per cent of Repsol's shares.

Mr Cortina became a mem-

ber of BBV's board in October control close to 10 per cent of last year, after he invested about Pta3bn (\$23.2m) to become the hank's largest individual sharebolder with some 0.3 per cent of its equity.

He will join BBV's chairman, Mr Emilio Ybarra, who was aiready a Repsol director, on the energy group's board.

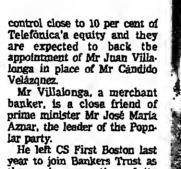
BBV is expected to gain another Repsol board post tomorrow, when six directors, including Mr Fanjul, who were appointed by the previous government, are due to resign

from the 16-member board. The boardroom reshuffle will allow La Caixa, the Barcelonabased savings bank which has recently acquired 3 per cent of Repsol, to appoint two direc-

Pemex, the Mexican energy group which controls some 5 per cent of Repsol's stock, will increase its board nominees

from one to two. A similar arrangement among core shareholders and the government will usher in a new chairman at Telefonica, the telecoms group which is 20 per cent state-owned.

BBV, La Caixa and Argentaria, the partially privatised banking group, together



prime minister Mr José Maria Aznar, the leader of the Popplar party. He left CS First Boston last year to join Bankers Trust as the senior executive of its

office in Spain. The succession appears less smooth at Caja Madrid, the biggest domestic savings bank after La Caixa, where the board, under the guideline for savings banks, is made up of representatives of all political parties, trade unions and local

A majority of the board is said to oppose the government's plan to replace current chairman, Mr Jaime Terceiro, with Mr Miguel Blesa, also a member of Mr Aznar's circle of close friends and the Popular party's representative on the Caia board.

Mr Feliciano Fuster, the chairman of Endesa, the electricity generator which is 66 per cent state-owned, said yes-



terday he had offered his resignation to the new government and still did not know whether it had been accepted.

Mr Fuster is expected to stay on for the time being in order to steer through a disposal of Endesa shares later this year.

June 6, 1996



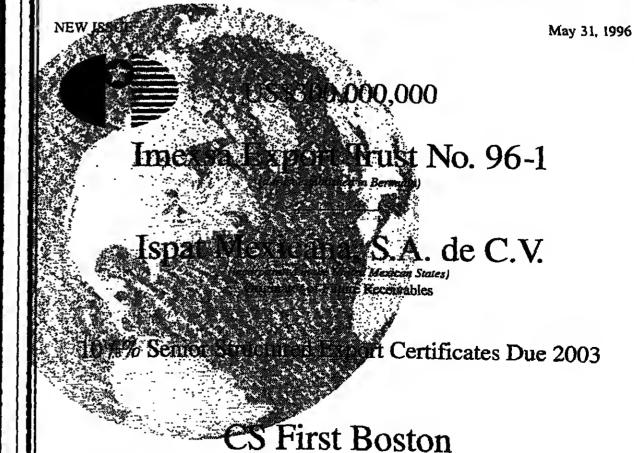


concerned at his departure

Parent company losses also narrowed to L345bn, compared with L1,471hn in 1994, but debt remained high. At parent com-

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#### COMPANIES AND FINANCE: EUROPE

# Rhône-Poulenc set for disposals worth FFr1bn

By Jenny Luesby

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Terrent in the com-

Rhone-Poulenc, the French chemicals company, is set to announce the sale of US drugs husinesses worth more than FFribn (\$193.4m), as part of a FFr10bn programme of disposals aimed at halving the group'a unwieldy deht burden.

Mr Igor Landau, head of the group's health business, said this week "a major sale" would shortly be announced on the

drugs side. His comments reignited speculation that the group might be considering selling part of its 68 per cent stake in drugs company Rhône-Poulenc Rorer, in order to reduce debt following the £1.8bn (\$2.8bn) acquisition of UK drugs husiness

However, the group is poised to announce the sale of much of the US drugs husiness acquired with Fisons.

Rhone-Poulenc has said it planned to halve its gearing from 72 per cent within two years through drugs and chemicals disposals and the sale of its stake în Société Générale.

So far, this strategy has raised FFr3.5bn on the chemicals side, with the disposal of the group's US soda ash husiness and its plastic films opera-tion. The next sale will be of drugs husinesses in the US.

According to one pharmaceuticals analyst, the sale is unlikely to include the respiratory drugs that account for

By Jenny Luesby

Hoechst pulls out

of CFC substitutes

two-thirds of Fison's US drug sales. "This area is a core business for RPR, and they have, made clear they intend to hang

on to it," he said. However, nearly all of the husinesses acquired by Fisons in 1988 when it bought US drugs company Pennwalt for \$460m are set to be sold.

The main brands involved are Ionamin, an appetite suppressant, and Zaroxolyn, a digretic for heart failure and kidney disease, with combined sales last year of \$43m. But the disposal is also likely to include smaller branded drugs. such as Americaine, Microx and Hylorel, as well as assorted cough and cold treatments, with combined sales of around \$50m.

Analysts expect the disposal to raise between FFribn and

Meanwhile, Rhone-Poulenc remains emphatic that it has no plans to reduce its stake in RPR, or to change the structure of the group. Analysts say they, too, would be surprised if such a sale were announced in the short term.

"It will not come as part of the current drive to reduce deht," said one, "but it is likely to come eventually."

The group is, however, pursuing further decentralisation of its operations. In this vein, it announced yesterday that it would be cutting between 400 and 450 jobs at its corporate headquarters in Paris.

# Eridania team to buy **Navigation** Mixte unit

By Andrew Jack in Paris

Navigation Mixte. conglomerate which was taken over by French financial group Paribas earlier this year, yesterday announced the sale of its subsidiary Compagnie Française de Sucrerie for FFr2.85bn (\$550m).

The purchase hy a group of leading rival sugar producers in France co-ordinated by Bridania Beghin-Say, the Franco Italian agro-food group, removes some fears within the country that CFS, which holds 12 per cent of the domestic market, might otherwise have been taken over by a foreign

buyer. The sale also marks the first significant step towards a



André Lévy-Lang: holds 97.66 per cent of Mixte shares

restructuring and possible break-up of Navigation Mixte, which owns a range of assets including banking, insurance, tuna canning, transport, weighing instruments and

Subject to regulatory approval, Eridania Béghin-Say will buy CFS and then sell on 52 per cent of it: one-third to Générale Sucriére, a subsidtary of Saint-Louis, and the remaining two-thirds to five

agricultural co-operatives. The deal reinforces Eridanla's position as the largest sugar producer in France. It plans to retain two of CPS's five factories, and sell two to the co-operatives and the remaining one to Générale

Until the announcement of the sale yesterday, Navigation Mixte, which reported losses of FFr1.5bm for its 1995 financial year, had sold little except champagne producer, and had pledged to dispose of Sidhet,

which owns a hotel in Tunisia. The move follows months of reflection by Mr André Launois, Mixte's chairman, Who was appointed by Paribas in discussion with other large shareholders in the conglomerate after they unexpectedly dismissed his predecessor Mr Marc Fournier at the annual general meeting last year. Mr André Lévy-Lang, Pari-

ing FFr3bn in cash reserves.

group, and now holds 97.66 per cent of the shares.

The FFr8.7bn cost of the bid is to be funded from Navigation's own resources, includ-

# Infostrada in deal with Autostrade

By Andrew Hill In Milan

Infostrada, the Olivettl-led telecoms joint venture, has reached a preliminary agreement to lease telephone lines from Autostrade, the Italian state-controlled operator of toll highways, as the race for alternative telecoms infrastructure gathers pace in Italy.

Potential competitors of Telecom Italia, Italy's statecontrolled telecoms operator, have stepped up their search for rival networks ahead of next month's Europe-wide liberatisation of alternative infra-

Olivetti, the information technology and telecoms group, said the accord with

Autostrade would allow Infostrada, a joint venture with Bell Atlantic of the US, to use the telecoms network as soon as EU directives on liberalisa-

Italy. By July 1, the date for infrastructure liberalisation. Ferrovie dello Stato, the Italian state railway, will have to choose a partner to bny a majority stake in its 1,600km fibre-optic network, which has an estimated value of some L1,000bn (\$647m).

tion had been implemented in

FS said yesterday that Laz-ard and Parihas, which are handling the sale, had received expressions of interest from tors, including Infostrada and

its allies France Télécom, Deutsche Telekom and Sprint of the

Italian newspapers have also reported that Nippon Telecom and Telephone of Japan, and AT&T of the US and its European partner Unisource are interested in the FS network.

"The aim of these new entrants is to be well-placed both to compete on fixed telecoms links, but also to hid to become the third mobile telephone company in Italy," said one telecoms executive.

The length of Italy and the inaccessibility of certain areas means that buying an existing network or leasing lines is the most sensible option for many

Other owners of alternative infrastructure include Snam the gas subsidiary of Eni. and Enel, the electricity producer.

Albacom, a joint venture between British Telecommunications and Banca Nazionale del Lavoro, linked up last month with Mediaset, the media company controlled by Mr Silvio Berlusconi, to exploit the telecoms potential of the group's television network. Albacom has also been discussing possible links with Snam's

network. Olivetti said yesterday its agreement with Autostrade was not exclusive, and would complement Infostrada's existing network of communica-

Tom Butler are to become Origin's chief executive and chief operating officer, respectively, replacing Mr Henk Cohen who

ntive to work on "special pro-jects" for Philips Electronics. Mr Butler, aged 44, was group executive for EDS operations in north Europe until he resigned unexpectedly three weeks ago. Mr Carroll beld the same position for EDS

s stepping down as chief exec-

Two EDS

executives

to move

vices group.

to Origin

Orlgin, the outsourcing

subsidiary of Phillps, has

inred two senior European

group executives from EDS.

the US-based computer ser-

Mr Geoffrey Carroll and Mr

in south Europe. The two men were important members of the group's Euro-pean team under Mr John Bateman, chief executive of

EDS operations in Europe, who appointed them to the posts last Angust. However, it is understood that both Mr Bntler, who is British, and Mr Carroll, an American, had difficulty fitting into their new EDS roles

which Involved less "hands-on" work than their previous positions. At Origin the two men will have the task of transforming a company which was viewed by many as an also-ran in the computer services sector until it won a £75m five-year contract from ICI earlier this

# PT global offer heavily oversubscribed

Andrew Hill in Milan

A secondary global offering of 22 per cent of Portugal Telecom, which closes tomorrow, is heavily oversubscribed, while demand for a domestic retail offer of 11m shares has exceeded the shares available by nine times, brokers said

Demand for the main tranche - 26.35m shares being sold directly to international institutional investors through a book-building system - was about three times more than the shares on offer, they said. This means an option to sell a further 3.95m shares to cover over-allotments is almost certain to be exercised.

Brokers are hoping for a discount to the market price

when Portugal fixes the offer after the offering - a post-flotaprice next Monday, the day hefore trading in the new shares begins. The shares closed at Es3,694 yesterday, down almost 1 per cent on Tuesday's close and a fall of 4 per cent on their record high of Es3,851, a week ago. The shares have gained more

than 28 per cent since an ini-tial public offer of 27 per cent in June last year.
"Setting the price below Es3,600 a share would create a favourable climate for future privatisations," one Londonbased analyst said. "It would be prejudicial for Portugal if the share price fell substan-

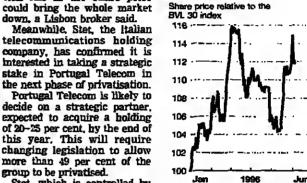
Portngal Telecom will account for about 11.5 per cent of the total market capitalisation of the Lisbon stock market

tially after the offer."

tion fall in the share price could bring the whole market down, a Lisbon broker said. Meanwhile, Stet, the Italian telecommunications holding company, has confirmed it is

stake in Portugal Telecom in the next phase of privatisation. Portugal Telecom is likely to decide on a strategic partner, expected to acquire a holding of 20-25 per cent, by the end of this year. This will require changing legislation to allow more than 49 per cent of the group to be privatised.

Stet, which is controlled by iri, the Italian state bolding company, said it had already acquired just under 0.5 per cent of Portugal Telecom through purchases on the open market. Deutsche Telekom and



other leading European telecommunications operators are also understood to have expressed interest.

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quantified the opportunity: multiple radio station ownership in an

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#### its fluorochemicals business to Solvay of Belgium. group said. The group, which had been using only half of the 30,000 tonnes of capacity at its main CFC-substitute plant in Frankfurt, said it "saw no likelihood DM370m plans to lift the of becoming one of the world's loutput in Frankfurt to the full leading suppliers" in that 30,000 tonnes of capacity. n of CFU

production under the Montreal protocol, many of the world's largest chemical companies have invested heavily in the development of CFC substitutes for use as refrigerants in industrial cooling systems. However, even the three

leading producers of CFC substitutes - Du Pont of the US. Elf Atochem of France, and 1CI of the UK - reported a disappointing take-off in the market following the banning of CFC production in Europe in 1994 and the US in 1995. Hoechst had developed five

substitutes and begun producing three of them, with 4,000 tonnes of capacity at a new plant in Tarragona, Spain, in addition to its main plant and a CFC recycling facility in Frankfurt. However, with sales last year

Hoechst, the German chemicals group, is pulling out of DM130m (\$85.2m), the husiof the market for CFC substiness failed to meet the perfortutes, with the sale of most of

Solvay, which will he drawing the Hoechst operation into a fluorochemicals business which had sales last year of

This coincides with reports substitutes in the past six

Europe. However, analysts say these factors are unlikely to prevent further, consolidation in a sector that remains over-

mance targets necessary to make it a core activity, the

In the US, sales of CFC sub-stitutes doubled between April and May, according to Elf Atochem. Sales will be further hoosted this autumn, when stocks of CFCs run out.

#### At the same time, smuggling of CFCs from developing countries, where production remains legal, has virtually ceased in the US following the imposition of strict penalties by customs authorities. It has has' chairman announced in March a full takeover for the also dropped sharply in

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# Footwear family goes out of fashion

The group is still strong but recent upheavals may be only a start, says Bernard Simon

usually prevails at the quarterly meetings of Bata Shoe Organisation's board. Almost all the directors are long-time friends and trusted advisers of Mr Tom Bata, the energetic octogenar-ian who has held sway over the family shoe group for more than six decades.

The board meetings are held whenever possible in one of the dozens of countries where Toronto-based Bats makes or sells shoes. The day begins with an informal presentation by local management. At Mr Bata's behest, a small selection is on display of the roughly 1m pairs of shoes made or sold each working day in the far-flung Bata empire.

However, the mood was more expectant than usual when the board gathered in Padua, the centre of Italy's shoe industry, in April 1995.

A new management team headed by Mr Stanley Heath, the first chief executive from outside the family in Bata's 102-year history, had just com-pleted a review of the group's European operations. Its conclusions were grim.

Losses were mounting at retail chains in Germany, Belgium, the Netherlands and one of Bata's four subsidiaries in France. The directors were told drastic action was needed, including concessions from lenders and a quick sale of some of the most troubled

Mr Heath and his team had prepared their ground carefully. They knew that Czechborn Mr Tom Bata and his Swiss-born wife Sonja would balk at severing big chunks of Bata's European operations, or risking a confrontation with the group's long-time bankers. Several non-family board members were quietly briefed on the management proposals

before they arriving in Padua. The strategy appeared to work. The entire board, including the Batas, went along with the restructuring plan.

However, getting the proposals approved turned out to be the easy part. Implementing them triggered upheaval in one of the world's biggest family-

Mr Heath and several of his senior managers resigned five

relaxed atmosphere months after the Padua meet-usually prevails at the ing amid growing friction with mr and Mrs Bata. Those who left included the newlyrecruited chief financial officer and the head of Bata's European operations.

Nor did the Eoropean restructuring go smoothly. Although buyers were found for retail chains in France. Germany and Belgium, problems at Myrys, another French subsidiary, could not be resolved Myrys, which oper-ates 227 stores and several factories, filed for bankruptcy protection in April. The 110-outlet German subsidiary was sold to Facia of the UK, which has now entered insolvency pro-

Bata has also had its hands full in other parts of the world. In February, it unloaded Pic 'n Pay, a troubled 800-store chain based in North Carolina, for a nominal US\$1 plus a long-term

promissory note. Less than a week later, Pic 'n Pay's new owners - a New Jer--based vulture fund - put the company into Chapter 11 bankruptcy protection. Credi-tors, some of whom had little inkling of the chain's financial problems, were furious. NationsBank, the biggest creditor, is owed US\$41m.

In total, Bata has shed about a fifth of its 6,000 retail outlets over the past year. The turmoil has strained relations with suppliers and lenders, and damaged morale within the

erhaps most important, the upbeavals have beightened uncertainty over what will happen when Mr Tom Bata, who turns 82 this September, hands over the

In a rare interview at his Toronto home, Mr Bata describes the past few years as "an adjustment period" that had affected not only Bata, but the entire footwear industry.

The key to a shoe company's success has traditionally been an efficient, low-cost manufacturing base tied to an extensive distribution network. But that changed in the mid-

1980s when Nike and Reebok took the shoe world by storm. "Footwear very quickly became marketing driven, not manufacturing driven," says one US shoe distributor. Strong, distinctive brands and a flair for innovation became the key to bealthy profits and

sturdy growth. In North America and western Europe, the cosy, mainstreet shoe store gave way to chain where shoes sell for as little as US\$9.99 a pair.

"Whereas at one time our retail operation was primarily a means of distributing the products of our own manufacturers," Mr Bata says, "in these much more sophisticated types of outlets, no manufacturer could possibly produce the variety of products which the consumer would like."

Bata was slow to keep pace with these changes. Its organisation, management style and corporate culture are steeped in the family business transother government incentives ept competitors at bay. Managers of these oversea

operations were plucked first from Bata operations in Czechoslovakia, and later from the Netherlands, the UK and Italy. They were given a high degree of autonomy. As one Bata-watcher puts it, "wher-ever you had a strong Czech, you had a strong company. Where you had a lousy Czech, you had a lousy company.

or decades, the Bata empire showed remark-able resilience. Its business in Uganda was twice taken over by the government, and twice handed back. The company bought a vegetableexporting farm in Zambia to provide foreign exchange for mnorted chemicals for its aboe

factory. It installed a turnkey shoemaking system in a factory in northern China in the late 1980s - and was recently

The key to a shoe company's success had long been a low-cost manufacturing base tied to an extensive distribution network. But that changed in the 1980s when Nike and Reebok took the shoe world by storm

planted from Zlin, Czechoslovakla, to Canada in the 1930s before the Nazi occupation.

Mr Bata, who began his working life as an apprentice in a Zlin shoe factory, rebuilt the business by tapping into an enormous market around the world for practical, sturdy shoes. According to one story, he once fired a salesman who returned from Africa with the gloomy assessment that the market for shoes was minimal because everyone walked around barefoot.

Bata grew rapidly in the 1940s and 1950s by setting up fully integrated sboe industries, from tanneries to shoe shops, across Asia, Africa and Latin America

Many of the factories were located in company towns far from big urban centres, Bata provided houses, schools and other amenities for its workers. In exchange, it got a cheap, plentiful and loyal labour force. Tariff protection and invited back to refurbish the

Bata retains many hallmarks of a family business. It has never disclosed revenues or profits. Even senior managers are kept in the dark about many aspects of the company's performance. One former employee says that "everyone who is in that company is a long-term, loyal servant to [Mr Batal, and he has incredible power over them."

The only person approaching Mr Bata's influence is his wife. Mrs Bata, 69, has an office next to her husband's at Bata's modest beadquarters in suburban Toronto. She sits on the boards of several well-known Canadian companies and bas applied her energy and determination to set up a widely acclaimed 10,000-plece footwear museum on Toronto's Bloor Street. The museum's recent purchases include a pair of Napoleon's socks.

The Batas appear to have

missed an opportunity to revi talise the business in 1985 when Mr Bata handed over the chief executive's job to his Harvard-educated son. Tom Jr. The younger Bata turned out

to be a less forceful manager than his father. Some of his business decisions were questionable. For example, he spearheaded the purchase of the Myrys shoe chain in France, although it competed directly against existing Bata businesses. Mr Tom Bata Sr says blame for the Myrys investment rests with the entire board.

The family appeared ready to make a fresh start when Mr Tom Bata Sr turned 80 in September 1994. Tom Jr moved aside, and the owners turned to Mr Heath, a friendly but firm UK-born Canadian who previously headed the Latin American food operations of RJR Nabisco, the US consumer

products group.

Mr Heath quickly began to put his stamp on the company. He told the Financial Times early in 1995 that he was "trying to create an environment in which at least the top 30-40 people around the world begin to buy into [a] sense of team-

It was not to last, however, Within a few months of the Padua board meeting, relations had turned frosty between Mr and Mrs Bata on the one hand, and Mr Heath and his new team on the other.

Mr Bata described Mr Heath as "a very fine gentleman". But be noted that neither Mr Heath nor most of his recruits were "shoe people". According to Mr Bata, "this is a very. very peculiar business".

For their part, the new managers were irritated by what they saw as the owner's incessant interference in operations, often without their knowledge. As one said when they resigned last September. "you can't appoint a new chief executive and then poke your nose in all over the place".

In spite of the recent prob-lems, Bata remains a force to be reckoned with in the international shoe industry. The company appears to be especlally well placed to take advantage of trade liberalisa-tion in Latin America and south-east Asia.



However, the disposal of Pic 'n Pay and the European restructuring may turn out to be the beginning rather than the end of change for Bata.

Mr Adrian Bellamy, an ex-South African retail executive who took over as chairman of Bata's holding company board in April, says Bata's operations "are regrouping around their considerable strengths. We don't want to be unpopular, but there comes a stage in the affairs of any company when you have to say 'this isn't working', and to concentrate

on the things that are," According to Mr Bata, "we are going to be pushing our merchandise from our own manufacturing units in different parts of the world with reased intensity." He lifted the veil on Bata's plans to a group of customers in Padua last month, and expects to unveil more details at the Düsseldorf shoe fair in September.

ne thing Mr Bata is unlikely to do however, is sbare a slice of the family group with outsiders. The parent company contemplated a public offering in 1993 based on a study by Merrill Lynch, the US financial services group. But the idea, and several similar initiatives, never came to fruition.

reported a full-year luss of Rs86m (\$2.5m). It was widely thought that India's biggest shoemaker. 51 per cent owned by Canada's Bats Shoe Organisation, would quickly reorganise to meet competition from domestic manufacturers and imports. But it did not happen. This year the company reported a net loss of

Mr Bata noted that his

friends in public companies spend much of their time on

extraneous things". Keeping

all the shares in family hands

"interfering patriarch", as Mr

Bata self-deprecatingly

describes himself, is gone. Mr

Bata, who looks 10 years

younger than his age, says the

company's future will be deter-

mined by bis family and a

group of trustees "with family

infinence". Each of his three

daughters sits on the board of an operating subsidiary. Tom Jr, who now lives in Lausanne,

Switzerland, spends part of his

time overseeing the European

Tom Jr will want another

chance to prove his mettle as

chief executive once his father

is gone. Will his three sisters

give him the opportunity, or

will they want to get their

bands on a piece of the family fortune? What role will be

played by strong-willed Mrs Bata, and by the company's

equally strong-willed managers in various parts of the world?

the recent upbeavals at the

family group may seem mild

compared with what lies in

store over the next few years.

These imponderables suggest

Outsiders wonder whether

restructuring.

"is much simpler", he says. The big question bowever, is what may happen when the

According to the parent. many of the Indian unit's problems stem from growing competition from low-cost imports and the virtual abandonment of Bata's time-tested policy of offering quality prodnets at affordable prices, in favour of bigh-priced shoes and leather accessories for niche markets.

Indian unit

struggles

in face of

By Kunal Bose

in Calcutta

competition

Bata India started its downkill

journey in 1992, when It

BSO reacted by posting a number of expatriate executives. Mr William Keith Weston, who was the regional director of Bata Pacific, replaced Mr P.K. Dutt as man-

aging director. The company modernised several stores, using some of the fuods raised through a Rs-180m rights issue to project a new image. But sales did not recover sufficiently. The group was left with stocks of highpriced shoes which it bad to sell at a beavy discount.

Moreover, Bata's costs remain high. Employee costs represent about 20 per cent of sales, compared with as low as per cent for new entrants. Mr Weston is trying to tackle high manufacturing costs hy reducing ontsourcing, hoping to raise Bata's In-bouse productivity.

Bata's 871 fully-owned stores also remain overstaffed. The most effective way of tackling the problem would be to sell stores to franchises, but this would face union resistance. As for capital costs, BSO has given an interest-free loan of \$10m to Bata India which will be converted into equity later this year.

The money is being used to retire the company's bigb interest bearing debts.



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#### COMPANIES AND FINANCE: ASIA/PACIFIC

# **Buoyant demand lifts** Indian vehicle makers

By Kunal Bose in Calcutta

Indian unit

struggles in face of

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expenses

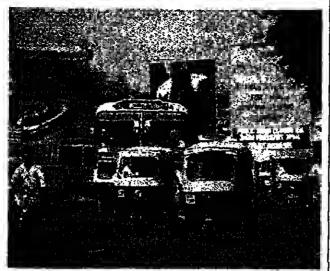
Buoyant demand for two and three-wheeled motor vehicles, enabling price rises, has resulted in healthy profit advances for Indian manufacturers. To cope with demand all the leading producers are investing heavily to raise production and introduce new

For 1995, Bajaj Anto, the country'e largest manufacturer of two and three-wheeled vehicles, posted a 32.64 per cent rise in profits before tax to Rs5.95bn (\$170m) on a 28.2 increase in sales from Rs22.09bn a year earlier to Rs27.94bn. Net profits rose 37 per cent to Rs4.18bn. Earnings per share were up 30.37 per cent from Rs40.17 to Rs52.37. The company plans to raise the dividend from Rs8 to Rs10 a

In spite of a strike lasting almost two months at its Waluj factory, Bajaj Auto raised pro-duction to more than 1.3m vehicles from 1.13m the year before. However, the company saw its share of the domestic market slip from 48.8 per cent to 46 per cent. Export income was up 45 per cent to Rsl.9bn. The company is raising the capacity of the Waluj factory to 2m vehicles a year.

TVS Sazaki, which raised its

market share of mopeds and motorcycles in the face of stiff competition, saw pre-tax profits jump 60 per cent to Rs698m (\$19.94m) on a \$1 per cent increase in sales to Rs6.18bn. However, because of a sharp increase in the provision for tax, from Rs32m to Rs258m, net profits grew only 2.18 per cent to Rs345m. The company is aiming at turnover of Rs10bn in the current year. It is in the process of finalising a Rs3bn investment programme to



Sales motor along: two and three wheel traffic in Delhi Tony Andre

between Piaggio of Italy and

India's Singhania group,

posted a 48 per cent rise in sales to Rs5.12bn. Net profits

were ahead 17 per cent at

Rs308m. Earnings per share rose from Rs6.38 to Rs7.44.

The company, which raised

scooter sales by 20 per cent to

239,353 units, is aiming at

increasing manufacturing

capacity to 600,000 scooters a

year. Piaggio will make avail-

able technology as capacity is

expanded.

build a scooter plant with capacity of 25,000 vehicles a month. The factory is to be commissioned by 1998, and will give the company a presence in every segment of the two-wheeler market.

Hero Honda Motors, a joint venture between Honda of Japan and India's Munjal group, posted a 35.44 per cent rise in net profits to Rs263.4m on sales up 33 per cent at Rs6.33bn. The company, which cold 230,194 vehicles against 183,761 a year earlier, saw its market share improving. Earnings per share rose 35 per cent to Rs13.19.

The company hopes to commission a new motorcycle factory at Gurgaon in January which initially will have capacity of 100,000 vehicles a year. This will be doubled by Sep-tember 1999. Hero Honda is also expanding the capacity of its existing factory at Dharuhera from 800 to 1,000 vehicles

a day. LML, a joint venture

# Computing the benefits of a PC link-up

The NEC-Packard Bell tie-up is about expansion, but compatibility is in question

home personal computer specialist, this week painted their PC joint venture as a big step into the cut-throat, \$120bn global PC market. However, the benefits of the deal are already being questioned by

industry analysts. The two companies presented the link-up as the forma-tion of e global force in PCs with potential combined revenues of about \$8bn this year. making it the world's fourthlargest PC manufacturer after Compaq Computer, Interna-tional Business Machines and Apple Computer.

Most analysts agree that in order to compete effectively, PC suppliers will need to form global alliances. This reflects the need to achieve economies of scale in terms of components purchasing, and shorten-ing product life-cyles which mean that the window of selling opportunity for a new PC product may be as short as six months.

Integrating their operations outside Japan and China will certainly provide NEC with opportunities to expand its PC business beyond its domestic market, but the deal raises fundamental questions about whether NEC should expand

TEC of Japan and Pack-ard Bell, the loss-making US-based these operations at all, and if so, whether Packard Bell is the right partner. "open systems" technology. NEC is Japan's largest PC maker, but 90 per cent of its

Overall the deal - foreshadowed in April when NEC invested \$283m in Packard Bell, raising its stake from just under 20 per cent to an effective 40 per cent including preference shares appears to be aimed at improv-ing Packard Bell's financial performance and facilitating

business is in Japan, where it has just under 50 per cent of the market, and where it has been under attack from lowerpriced IBM-compatible machines huilt by competitors such as Fujitsu.

Overseas, NEC'e presence -like that of Zenith Data Systems, the struggling PC

tioned NEC's determination to pursue a market in which marfor NEC to make it a profitable gins are becoming wafer thin. "By getting even further into the PC business, NEC is increasing its exposure to a low-end business," said Mr

Mr Yoshinaka also questions wbether a strategy that relies

analyst at SBC Warburg in

on a company with a very dif-

NEC, however, insists that

the benefits go beyond the PC business. According to figures from Dataquest, the high-tech consultants, the combined Packard Bell-NEC operations would have had a US market share of 15.1 per cent in 1995 in terms of unit shipments, making it the market leader there.

NEC is betting that this large market share will also provides it with an opportunity to expand its PC-related prodexample, semiconductor makers are competing to establish their own chips as the standard for graphics and sound processing in home multimedia PCs. "If NEC and Packard Bell use the same chip for graphic accelerators, the chances are better that it will become an industry standard," Mr Kuwa-

The challenge for NEC is to ensure that those additional benefits it envisions do not get swallowed up by the problems its expanded PC interests are likely to generate. Meanwhile, it is clear that NEC is now in

Michiyo Nakamoto and Paul Taylor

#### 'By getting even further into PCs, NEC is increasing its exposure to low-end business' - Shigeru Yoshinaka, SBC Warburg

Packard Bell claims to have sold 4.5m PCs last year and has built up a solid position with low-cost multimedia machines aimed at the home PC market the fastest growing segment of the world PC market in recent years. However, the company has had difficulty managing its rapid growth and has failed to make much impression on other markets, including the important corporate market and the continental Europe PC

For NEC, the deal may provide insurance against the day when its Japanese-language proprietary system can no longer compete effectively against international systems based on Bull which Packard Bell acquired in April - has been largely restricted to notebook compnters. However, integration with PB's business will bring economies of scale and provide NEC with much needed distribution channels in the US. The Japanese company has expressed its ambitions to

become a serious competitor in overseas markets. "The past 10 years were a period for NEC of catching up. The next 10 years will be a period in which NEC will enter the top league," Mr Takashi Kuwabara, general manager in charge of interna-tional PC businesses, says.

with Packard Bell follows its decision to take a 17 per cent stake in Groupe Bull of France as a way to promote good rela-tions in the difficult European market. Since then it has found itself stuck in an expensive relationship from which it cannot get out. "It could find itself in the same eituation with Packard Bell," Mr Yoshi-

and with a poor management record to boot, is a viable one.

NEC's growing involvement

naka says. Meanwhile, other analysts, including Mr Peter Wolff, industry analyst et Baring Securities in Tokyo, fear the decision to keep Mr Beny Ala-

# **Texas Instruments** buys TDK arm

By Michiyo Nakamoto in Tokyo

Texas Instruments, one of the world's leading semiconductor makers, has acquired Silicon Systems (SSi), the US semithe Japanese maker of mag-

The US group will acquire SSi's business in semiconductors for hard-disk drives, but not its communications products division nor its systems division, which TDK will

The Jupanese company plans to continue its involvement in electronic devices, which its says remain "a central element

of TDK's long-term plans".

The sale of the US subsidiary, which TDK acquired in 1989 in a friendly takeover, reflects the shifting balance of strength in the semiconductor

In the 1970s and 1980s, there

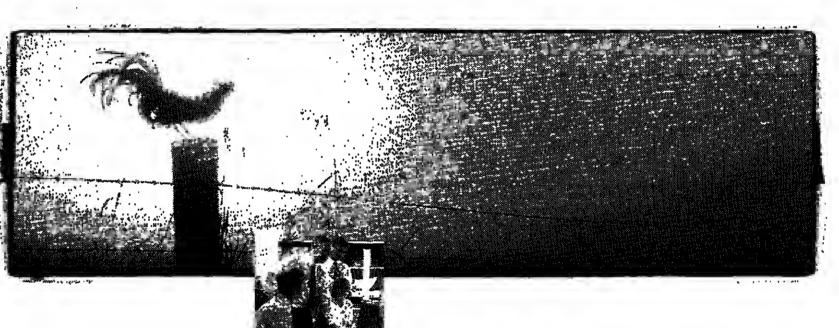
was widespread concern in the US and Europe that Japanese semiconductor makers would dominate the world.

: Although Japanese companies remain some of the largest and most successful semiconductor makers, the return of Intel, the US company, as netic tapes and electronic the world's largest semiconductor maker, and the growing presence of Korean companies in the memory market - the forte of Japanese companies has softened the threat.

TDK's decision to dispose of SSi, which had just begun a return to profit, surprised some industry watchers. However, the large amount of capital spending required of semiconductor makers is thought to have encouraged TDK to focus its capital spending in fewer

areas. SSi, which recorded sales of \$407.2m in the year to March 1996, represents less than 10 per cent of TDK's overall busi-

# Due Diligence



Successful investment banking requires an organisation committed to providing a consistent and professional standard of hanking service. As a major Nordic banking group, Den Danske Bank has considerable placing power and holds a leading position in the Nordic equity and fixed-income capital

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for the protection of investors may not apply to investment business carried on from offices outside the UK.

# Corporate culture takes toll at Sony

By Michiyo Nakamoto

 Japanese salarymen are noted for their dedication to the company, but there are growing signs that devotion to work extends dangerously to the higher echelons of the corpo-

rate hierarchy.
Mr. Norio Ohga, 66-year-old
chairman and chief executive of Sony, was yesterday still confined to a Tokyo bospital bed as a result, according to Sony, of overwork. Hie ill-bealth comes on the heels of the retirement of Mr Akio Morita, one of the founding figures of Sony, who collapsed on the tennis courts.

Markon Francis Life Sec.

Mr Ohga, who last year handed over the day-to-day operations of Sony to Mr Nobu-yuki Idei, president and chief operating officer, was taken to hospital after complaining of feeling unwell.

Sony's chairman had been particularly busy over the past few weeks in his role as chairman of the Electronic Industries Association of Japan, which represents the country's computer, semiconductor and consumer electronics makers.

Mr Ohga has been tackling the task of forging an agree ment with the US Semiconductor industry Association on privete industry co-operation to replace the bilateral semiconductor accord. which

expires at the end of July. Mr Ohga's hospitalisation is likely to re-focus attention on the strenuous demands made on Japanese corporate employees, not least elderly executives. The Japanese word kuroshi, which means death from post of vice-chairman.



Norio Ohga: ill-health blamed on rigours of office

overwork, underlines the seriousness of the problem. Overwork, however, is not

restricted to young men. Japanese executives tend to continue in highly demanding posts for longer than their

western counterparts. Although Mr Idei more or less runs Sony, Mr Ohga is actively involved in corporate affairs, according to the company. He became chairman after Mr Morita and forced to

retire aged 73. At 71, Mr Shoichiro Toyoda juggles the chairmanship of Keidanren, Japan'e most influential husiness organisation, and of Toyota, the carmaker. However, his brother, Mr Tatsuro Toyoda, 67, who continued as president of Toyota while assuming the chairmanship of the Japan Automobile Manufacturers Association, was hospitalised last year and moved to the less demanding

# Orange County seeks \$900m from issue

By Maggie Urry in New York

Orange County, the bankrupt Californian local authority, returned to the debt markets yeaterday to raise nearly \$900m, bringing the municipality a step closer to ending the crisis precipitated when it lost nearly \$1.7bn on derivatives investments in late 1994.

However, the pricing of the long-expected bond issue, which was taking place late yesterday, will say little about perceptions of the municipality, since insurance out insurance backing.

backing for the securities give them a AAA rating. Bankers said yesterday there was good demand for the bonds.

Orange County filed for bankruptcy in December 1994 after derivative investments plunged in value when interest rates moved against the County's position.

Investors in municipal bonds were afraid the county would default on its debts. As a result, investors would have been reluctant to buy any new bonds from the authority with-

The bond issue represents a part of the county's plan to emerge from bankruptcy. The plan was put forward early last year and later revised. It met trouble when the county's affluent residents voted against a sales tax increase last June which was designed

to belp pay debts.
In July last year, investors agreed to a one-year delay on repayments of \$800m of debt and it is partly to repay those investors that the current issue of certificates of particination is being made.

The county sued Merrill Lynch, its investment bank, which has consistently denied any wrong-doing in its involvement, and KPMG Peat Marwick, its auditors, which is also contesting the County's

Early this year, Orange County threatened proceedings against a number of other Wall Street firms, while at the same time attempting to court investment bankers so it could raise money in the capital

Officials from the authority

chain 'sold fake Calvin have repeatedly met New York bankers, investors and ratings agencies in an attempt to con-Klein jeans' vince them of the county's determination not to default on future bond issues. However By Richard Tomkins investors bave remained angry in New York

and sceptical. As well as insurance for the bonds, arranged with MBIA Insurance, a company which provides such cover for securities issues, the bonds will also be backed by revenues from registration fees dedicated to paying interest.

demand is growing. Growth will also come from the steady

disappearence of competitors

in more mature markets and from the trend towards ont-

sourcing and more complex

components in the motor

Yet despite their similarities.

the two companies differ

sharply in their strategies. Mr

Snell said Tenneco Actomotive

was still keen to fill out gaps in

its geographic presence. The

company was looking at acqui-

sitions in Italy and in east and

central Europe, where demand

for cars was forecast to grow substantially, be said.

Arvin had almost completed a

long investment phase aimed

at developing its international

Unlike Tenneco, Arvin was

also satisfied with its current

product range, and believed it

could still extract significant

sales and earnings increases

through innovation, cost-cut

ting and sales development in

By contrast, Mr Baker said

#### Calvin Klein Jeanswear, the US company that makes Cal-vin Elein branded jeans, has accused Price/Costco, the US membership warehouse chain, of selling bogus jeans under

the Calvin Klein trademark. The jeans company said it had filed suit in the US district court in Newark, New Jersey, seeking an seeking an injunction to stop Price/Costco from the alleged activity. It was not

seeking monetary damages, it

Warehouse

Calvin Klein Jeanswear, a snbsidiary of the quoted Designer Holdings, is not part of the Calvin Klein fashion company, but makes Calvin Klein jeans under an exclusive licence covering the US and other territories.

lt said a private investiga tion had revealed that Price Costeo was selling hogus goods as Calvin Klein merchandise in its warebonses As far as we know, it's still going on," the company said. Calvin Klein is asking the Newark court to prohibit Price/Costco from selling any Calvin Klein trademarked jeans and jeans-related items.

A hearing bas been set for June 28. Price/Costco has 250 warehouses in the US, Canada and the UK. They sell goods to the public at low prices, but access is reserved to those who pay a

membership fee.
Price/Costco said it had not seen the suit filed by Calvin Klein Jeanswear and could not comment on it. Separately, it announced its results for the quarter ending May 12 sbowing that net profits had risen by 27 per cent to \$41.2m.

Sales rose 11 per cent to \$4.24bn, with part of the increase coming from new store openings. Sales at stores that had been open more than a year rose 5 per cent.
Price/Costco said expansion

soft Windows NT Server, the software plans for the rest of its fiscal year eoding September 1 included the opening of two or three new warebouses and the relocation of one or two existing warehouses to larger and better-located premises.

## **NEWS DIGEST**

# Whirlpool warns again on profits

Whirlpool, the US white goods manufacturer, bas delivered the latest in a series of profits warnings based on poor trading in Europe. This time it has blamed the strength of the Italian lira, which it said could reduce budgeted operating profits in Europe by \$50m for the full year. The company said Italy accounted for 50 per cent of its European manufacturing output. Of its Italian output, 80 per cent is exported.

Whirlpool said the bra's appreciation against other European correncies - particularly its 9 per cent rise against the D-Mark since December - had been more persistent and pro-found than expected. In addition, European demand continued weak, with industry shipments down 2 per cent by April. There had been a continued shift to lower price products, and very intense price competition. Last year's operating profit in Europe was \$92m, down from \$163m the year before.

The company said that despite currency and other difficulties its European volume was higher than a year ago, and its market share increased.

In North America, its record profits in the first quarter had been followed by a strong performance in April and May. It still expected higher full year profits from Latin America. Tony Jackson, New York

## Anheuser to produce Kirin beers

Ririn brand beers are set to increase their penetration of the US market under a new joint venture agreement announced yesterday by Anheuser Busch of the US and Kirin Brewery of Japan. From early next year, Anheuser Busch - best known for its Budweiser beers - will start producing Kirin Lager, Kirin Ichiban and Kirin Light beers at Its Los Angeles brewery. They will he sold to the US market through a sales and marketing joint venture called Kirin Brewery of America.

The joint venture, capitalised at \$10m, will be 90 per cent owned by Kirin and 10 per cant owned by Anbeuser. Operations will begin next January, gradually replacing the existing US marketing and selling arrangements for Kirin beers. As a result of the pact, Kirin will discontinue its current agreement with Molson Breweries of Cauada by next March. At present, Molson produces Kirin beer for the US market. Richard Tomkins, New York

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## Biochem Pharma sees first profit

BioChem Pharma, a leading Canadian blotech company and partner of Glaxo Welkome in anti-Aids drugs, said 1990 would be its first profitable year. The group, operating in therapeutics, raccines and diagnostics, would have reveoues of more than C\$200m (US\$146m).

First quarter profit was C\$1.5m, or 3 cents a share, Dr Francesco Bellini, president, said performance should improve in succeeding quarters as royalties from the sale of 3TC, used in combination therapy to treat and HIV, moved steadily higher. He also said sales of diagnostics products should

In the first quarter 3TC royalties were C\$7.5m and world sales - excluding Europe - reached US\$42m. The drug has oot yet been cleared in Europe. BioChem, valued by the market at more than C33bn, expects 3TC to get final European approval by the end of the year.

Lamivudine, which is also being developed with Glaxo Well-come and is aimed at hepatitis B, is undergoing phase three clinical trials and royalties could start coming in by 1996, Dr Bellini sald. Among other BioChem drugs that are at the research or clinical trial stage, are a new influenza vaccine and a compound with the potential for treating meningitis B. Robert Gibbens, Montreal

# Tenneco and Arvin expect size to matter

By Halg Simonian, Motor Industry Corres

Tenneco Automotive and Arvin Industries, two of the world's leading car component makers, expect the number of significant parts suppliers to decline sharply as carmakers turn increasingly to parts companies that operate globally.

The two US companies also predicted, separately, that their sales and profits would grow faster than the rise in car demand on the back of rationalisation and the steady move to higher-value-added items in the components industry.

Mr Richard Snell, chief executive of Tenneco Automotive, forecast sales would rise to about \$2.8bn this year from \$2.5bn in 1995. He said operating income, which was \$240m last year, would go up by an even greater proportion, as 1995 profits had been held back by a number of new product launches, which should bear

Microsoft, the world's largest computer

software company, has stepped up its pusb into the Internet market by

announcing a new software technology

platform, code-pamed 'Normandy',

designed to be used by commercial

CompuServe will become the first

commercial online service supplier to license Normandy under a wide-ranging

strategic alliance announced by Mr Bill

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larvis information line:

Embassy Leisure Breaks and Carefree Days.

on the London Stock Exchange.

online service operators.

By Paul Taylor



Richard Snell (left) of Arvin and James Baker of Tenneco expect economies of scale to hamper rivals

man of Arvin, said sales were expected to reach \$2,25bn this year compared with \$1.8bn in 1995. Analysts expect the group's net profits, which were beld back by an expensive legal settlement in 1995, almost to double this year, to \$35m.

Tenneco Automotive and Arvin Industries are the world's leading makers of auto-Mr James Baker, vice-chair motive exhaust and suspension

Gates, Microsoft chairman and chief

executive, and Mr Bob Massey, Compu-

CompuServe and the other commer-

cial online service suppliers - including

Microsoft - were taken by surprise by

the growth of interest in the Internet

over the past 18 months. As a result

they have been scrambling to convert

their proprietary services to Internet

Meanwhile, Microsoft was forced to

adapt the Microsoft Network, launched

Serve's president and chief executive,

systems. They control the world's best known brands for mufflers and shock absorbers, and in recent years consolidated their positions through acquisitions.

The two companies are excellent proxies for the world auto components business, in which the pace of mergers and acquisitions has been accelerating owing to economies of scale, parts of the world where car

and pressure from car companies for higher productivity and lower prices. "It would appear to be impossible for a third company, no matter what its resources, to establish fiself in the shock or exhaust business today," Mr Baker said.

Both companies expect to generate their sales and earnings rises by expanding into

Microsoft unveils platform for Net operators gies." Mr Massey said. For Microsoft the deal is an important endorsement of the Normandy platform, which uses exist-

> The disclosure of the Normandy platform, and other receot announcements, are seen by analysts as showing that Microsoft remains bent on providing the infrastructure for the emerging Internet industry.

> ing Microsoft products including Micro-

group's central corporate network

product

KOREA LIBERALISATION FUND LIMITED

last year with Windows 95, to integrate

CompuServe will use Microsoft's new

software for its suite of online services

which are being migrated from propri-

long-standing industry leaders pots CompuServe in a position to rapidly

implement our plans to strengthen our

core business and expand our world-

class services using Internet technolo-

"This strategic alliance between two

Under the terms of the agreement

more closely with the internet.

etary to open system technology.

International Depositary Receipts evidencing 100 Ordersy shares of US\$ 0.01 each Notice of Annual General Meeting of Sparcholder Notice is hereby given that the Annual General Meeting of the Company will be held on the 11th Floor, Knightsbridge House. 197 Knightsbridge, London SW7 1RB on Thursday 27th June 1996 commencing at 2.30pm to transact the following business.

rive the report and accounts for the year ended 31st December 1995 segether with the reports of the Directors and the Auditors thereon.

To elect Mr S-N Choi as a director

To clear Mr S-C Kin as a director
To elect The Viscount of Oxfulrel as a director
To re-elect Mr P T R Addensor as a director

6. To re-elect Mr J E Craig as a director 8. To reappoint the Auditors, Ernet & Young and to subbrise the directors to determine their

SPECIAL BUSINESS 6) POLIAL BUSINESS.
9. As an item of spocal business, to countder and, if thought (it, pass the following resolution as a special resolution:
SPECIAL RESOLUTION
THAT the regulations contained in the document produced to the meeting and signed by the Chairman thereof for the purpose of identification be adopted at the Arthries of Association of the Company in substitution for and to the reclusion of all existing Articles of Association of the

Votine strongements for IDR holders IDR holders who wish to vote must follow the procedure explained hercarder.

IDR holders must deliver the IDRs to the Depositary as the issest on 23rd June 1996 at the
address given below settention: Securities Depositary as the issest on 23rd June 1996 at the
address given below settention: Securities Depositary.

MORBK B), instruct the depositary as to the reasser in which votes should be cast, and indicate to whore the IDRs should be returned after the moetage, or Instruct EUROCLEAR or CEDEL to Nock the number of shares for which they wan to you

ind to vote on their behalf.

Copies of the Annual Report of the Company are available from Jopher Assec Managers

Limited, Knightsbridge House, 197 Knightsbridge, London SW7 IRB and with the Deposits at the address indicated before

Morgan Guaranty Trust Company of New York 35, Avenue des Arts, 1040 Brussels JP Morgan

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Notice is hereby given that the BNCE with offices at: 170 Upper Richmond Road, Putney, London SW15 2SH, is accepting tenders to choose a supplier of Dry and Frozen Foods to the "Brazilian Navy Frigate Busisio and Brazilian Navy Frigate Dodsworth". The details of this Public Tender are available, on request, at the above address or contact:

Contracts Dept.: Tel.: 0181 788 8111 Fax: 0181 788 4190

#### LEGAL NOTICES

IN THE HIGH COURT OF JUSTICE CHANCERY DIVISION COMPANIES COURT ESTATES & GENERAL PLC

. md.

N THE MATTER OF THE COMPANIES ACT 1985

NOTICE IS HEREBY OFVEN that the Order of the High Court of Justice (Chancery Dissinant dated 22nd May 1996 confirming the reduction of the there capital of the above natted company from £30,642,671 to £3,100,000,401 and the norm announced in the 23,100,000,401 and the Minute approved by the Court was regioned by the Register of Companies on 24th May 1996. Duted this 6th day of June 1996. Adjunct Morris Crisp Broadwalk House 5 Annual Sensor

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USD 10,000,000 Floating Rate Notes dee 2004 Series 22 Translet 1 Notice is hereby given that the rate of

amongstock the period norm June 601, 1996 to December 8th, 1996 has been fixed at S.6875 per cent. per annum. The coupon amount due for this period is USO 2.898 23 per denormation of USO 100,000 and is payable on the intensit payment date December 8th, 1995.

The Fiscal Agent
Straught Kathernie de Paris
(Luce schoung) S.A.

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By beining people

to the rainforest to plant trees, WWF are working to solve some of

the problems that cause deforestation Where trees are chooped down for forwood, we help plant fast

growing splings as a renewable source of firel. This is particularly rabable in the Impenetrable Forest,

Ugradz, where undigenous hardwoods take up to two hundred

The Markhama lates were WWF give to the local villages are eady for harvesting in only five years

Where pres are chosped down for use in construction, as ut

fan growing local pane species. की out work a that minforces used

wisely can be used forever. Write to the Membership Othicer



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SGS Société Générale de Surveillance Holding S.A. 8. rue des Alpes - 1211 Genève 1

# **PAYMENT OF DIVIDEND**

Notice is hereby given to shareholders that following a resolution passed at the Annual General Meeting of the Company held on 5th June, 1996, a dividend for the year 1995 will be paid as

|                                    | registered share<br>CHF 20,- nominal value<br>(NF de val. 249 745) | bearer share<br>CHF 100 nominal value<br>(N* de val. 249 746) | bon de jouissance to bearer<br>without nominal value<br>(N° de val. 249 733) |
|------------------------------------|--|---|--|
| Gross<br>Less 35%<br>Swiss lederal | (CHF)<br>11,20   | [CHF)<br>56,00  | (CHF)<br>56,00   |
| withholding tax                    | 3,92   | 19,50   | 19,60  |
| NET per share                      | 7,2a   | 36,40   | 36,40  |

The dividend will be paid, free of charge, on 10th Juna. 1996, directly to the ahareholders on

Bons de jouissance and bearer ahares

The dividend will be paid, free of charge, as of 10th June, 1996, upon presentation of coupon No. 31 (bearer shares) and of coupon No. 17 (bons de jouissance) to any branch in Switzerland of Union Bank of Switzerland, Pictet & Cie. Bank Julius Bár & Co. S.A., Bank Sarasin & Cia, Bank J. Vontobel & Co. S.A. and Bordiar & Cie, or at the registered office of the Company.

Shareholders are reminded that. In accordance with the Statutes of the Company, any dividend not claimed within 5 years of its due date becomes statute-barred in favour of the Company (i.e. as of 25th June, 1996 for bearer shares coupon No. 2 and for bons de jouissance coupon No.12). Geneva, 6th June 1996

On behalf of the Board of Directors The Chairman Elisabeth SALINA AMORINI

NORTHUMBRIAN HOLDINGS PLC

following the acquisition of Northumbrian Water Group pic (the Company') by Lyomaise des Esux 2.A., the name of the Company was changed to Northumbrian Holdings pic which in turn became a whollyowned subsidiary of Northumbrian Water Group pic (previously

Notice is hereby given to the holders of the \$100,000,000 9ra per cent. Bonds due 2002 (the 'bonds') Issued by the Company and constituted by a Trust Deed dated 1st December, 1992 (the 'trust Deed') made between the Company and The Law Oebenture Trust Corporation p.i.e. (the "Trustee") as trustee for the holders of the Bonds, that pursuant to a first Supplemental Trust Deed dated 5th June, 1996 made between the Company, Northumbrian Water Group pic and the Trustee, Northumbrian Water Company pic (a Company registered in England and Water with registered number 3114615) has been substituted as the principal debtor oder the Trust Deed, the Bonds and the Coupons relating to the Bonds pursuant to Clause 12(B) of the Trust Deed with effect from 6th June.

Copies of the First Supplemental Trust Deed are available for inspection at the offices of the Trustee at Princes House, 95 Gresham Street, London ECZV 7LY and at the specified offices of the Paying Agents referred to in

us\$ 18,000,000.inated Floating Rate Guaranceed Debenoures due 2001 The Debentures holders are hereby informed that Cridit Lyounsis Canada will redeem the total amount of the extanding debestures at the thereof on the 25th of July 1996, cop with accrued interest. corned interest, as ed under Condidon 4(C) of the Debentures. Fiscal and Principal Paying

CREDIT LYONNAIS

CANADA

Arms CREDIT LYONNAIS LUXEMBOURG S.A.

# **Financial Regulation Report**

Financial Regulation Report is a monthly newsletter available on subscription, covering worldwide regulatory developments. It describes new regulations and comments on the implications for the markets concerned.

If you would like further information and a sample copy of Financial Regulation Report please contact Simi Bansal at the address given below, Financial Regulation Report, FT Financial Publishing, Maple House, 149 Tottenham Court Road, London W1P 9LL. Tel: 0171-896 2279 Fax: 0171-896 2274

FINANCIAL TIMES

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TVIII TO

# m profits

Sir Bob Reid, chairman of Sears, the retail group which owns Selfridges, last night said that he would not fire Mr Liam Strong, chief executive, despite mounting shareholder con-

By Ross Tiernan and William Lewis

"Everybody wants to fire Liam Strong, according to the newspapers. I am certainly not going to fire him." Sir Bob said. He added: "He is an excellent executive."

Sir Bob's comments came as the receiver to Facia Group confirmed that 380 shoe shops sold by Sears

Pacific and

Powerscreen

Powerscreen International.

stone crushing equipment, yes-

terday reported a 24 per cent increase in pre-tax profits fol-

lowing strong demand from

increased sales in Asia and the

The Ulster-based group saw pre-tax profits rise from £29m

(\$44m) to £36m on increased sales of £261.3m (£196.8m) in

the year to March 31, includ-

ing turnover of £11.3m from

Most of the profits came from the screening division, which contributed £22,2m

(£19.4m) at the operating line.

executive, said government

moves to encourage landfill

owners to make better use of

their sites had lifted demand

for screening machines, which

sort sand, aggregates and

demotition waste for resale or

Growing sales in Asia also

lifted profits in the crushing and recycling division, report-

ing gains of £5.13m (£4.72m)

The sharpest increase in

profits, however, came from

the materials handling busi-

ness, up from £4.71m to

£8.95m. This followed a 15-

year manufacturing contract with John Deere, the US

mobile equipment group, worth up to £50m in the first

costs rose to £17.6m partly to

cover production start-ups for the John Deere order,

although Mr McKeown said

spending had fallen in the sec-

Earnings per share rose

from 25p to 30.5p. A final divi-dend of 6.7p lifts the total to

9.2p (8.1p). RESULTS

. Full year working capital

from continuing operations.

Mr Shay McKeown, chief

Pacific Rim.

which makes screening and

Asia help

rise 24%

were owned personally by Facia's High Court earlier this week. When chairman, Mr Stephen Hinchliffe, and Sears sold the right to trade out of the not by Facia Group as had beeo

KPMG, the accountancy firm, said that it was carrying out its receivership on the basis that the three companies which purchased from Sears the right to trade out of 380 shoe shops, including the Saxone and Curtess chains, were owned by Mr Hinch-

liffe, not the Facia Group.

The three companies are Facia Footwear, Cityscan and Wisebird, to which Price Waterbouse were appointed as administrators by the

bid for Blenheim

publishing, media, and finan-

cial services company, is con-

sidering making an offer for Blenheim Group, the exhibi-

A bid for Blenheim from

its warnings, jumped 70p to 409p after it announced it had

received an approach, under-

stood to be from United, which might lead to an offer.

The statement was prompted

by the 27p rise in Blenheim

shares on Tuesday. Shares in

United, which refused to comment on the Blenheim announcement, fell 19p to 707p. Analysts said if an offer was

to be successful, it would

almost certainly need to be on

an agreed basis, as shares in

Blenheim are very tightly held.

their relatives control about 25

per cent of the ordinary shares

and a further 15.4 per cent is in

the hands of Compagnie Gener-

ale des Eaux, the French water

utility, which has supported

The narrow shareholding

sion last year, increasing oper-

ating profits by 30 per cent to

the present management

£465m-£510m.

Directors of the group and

tions organiser.

Sears sold the right to trade out of the shoe outlets last August and February it announced thet they had been sold

Reid backs Liam Strong against investors

It is understood that at the time the contracts were drawn up for the sale of the shoe shops, Facia Ltd was named as a party to the deals. A spokesman for Mr Hinchliffe said

that the plan had been for ownership of the shoe shops to transfer to the Facia Group, which was partly owned by Murray Johnstona, the Glasgowbased investment manager, in Following the transactions Sears continued to hold the leases of the properties and pay the rent. It was also contracted to carry out several management tasks, including the paying of staff, warehousing and supply

of stock. In return Sears has been receiving management and licence fees from

Although Sears has now been obliged to take additional provisions of £25m in respect of the shoe shops it has sold. Sir Bob told the Financial Times yesterday that the decision to sell them was taken collectively by not rest with Mr Strong alone, he

Yesterday Sir Boh signalled his own confidence in the company's prospects by buying 25,000 shares at a cost of £23,875.

"This business is very much maligned," he said.

When Mr Strong was appointed to the post of chief executive in February 1992, he promised to restore within three years the fortunes of the Selfridges department store, Freemans mail order and British Shoe

# Racal to reshape division for £20m

By Christopher Price

A 21 per cent rise in profits at Racal Electronics yesterday was offset by an announcement that the data communications, telecoms and electronics group is to restructure its data products business at a cost of £20m (\$30.4m).

The company, which is beavily indebted following the purchase of British Rail Telecommunications (BRT) for £133m in December, also signalled its intention to sell its marine and energy division and other non-core assets, a move likely to raise in excess

of £200m.
The restructuring will pany's UK and Italian production facilities, affecting up to 400 jobs, although Racal would not disclose the exact number of compulsory redundancies.

Manufacturing of data prod-

ucts will be centred in Florida. while the number of lines is to be cut and new products developed to target high growth areas of the market. The business lost in the region of £18m last year and the restructuring is designed to return it to profit by next year.

Despite the provision - which Racal sald would be recovered in savings over the interest payments, Mr David Elsbury, chief executive, said £70.4m (£58.3m) in the current

Turnover in the 12 months to March 31 rose 11 per cent to £1.01bn. Operating profits from continuing operations

increased 27 per cent to \$76.6m. Profits at the data communications division rose 49 per ceot to £21.4m, boosted by three mooths contribution from BRT, and a strong performance from Network Services and Camelot, operator of the National Lottery.
In the defence radar and avi-

onics division, profits almost trebled to £19.8m on sales 56 per cent higher at £181.1m. communications business slipped 10 per cent to £161m, while profits fell 36 per ceot to £12.9m. The company blamed competitive trading cooditions" and the need to increase R&D expeoditure on the Bowman cootract, a £1.5bo tender for UK army telecommunications equipment.

Marine and energy profits increased 25 per ceot to £8.4m on turnover 7 per cent up at

Earnings per share rose 21 per cent to 16.54p. The final dividend of 3.9p makes 6p for the full year, an increase of 20 per ceot. Gearing fell from 95 per cent after the BRT deal, to

# United News mulls | Yorkshire Water moves

would bave strategic logic

United News & Media, the because the group could expand Blenheim's profita through cost-cutting and by using its business magazines to support the exhibitions. They predicted that United could

finance a bid without raising new equity.

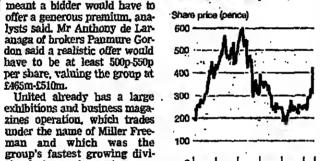
Blenheim's 1995 results,
which showed a 17 per cent United would be its first significant move since it merged with MAI Group in April to create a group with a market rise in profits to £35.6m, belped to restore some of the credibilcapitalisation of about £3.5bn ity lost through a succession of Shares in Blenheim, which is profits warnings and broker recovering from a torrid two downgrades in the previous years when it issued two prof-

Analysts are forecasting that profits will rise to £45m-£50m

The French business, which contributes 37 per cent of group revenues, has shown signs of recovery with profits rising to £14.3m (£9.8m) last

Analysts said that a bid for Blenheim could encourage other companies to enter the fray. Possible candidates include Emap, the media and exhibitions group, which has a number of business magazines closely related to some of Blenheim's larger exhibitions, and Reed International, the publishing and information group. Foreign companies might also be interested, analysts pre-

Blenheim Group Share price (pence)



1991 92 93 94

Source: FT Extel

# to restore its reputation

Yorkshire Water, the water services company, sought to restore its battered reputation yesterday, by emphasising its commitment to customer service and announcing a betterthan-expected 14 per cent increase in pre-tax profits.

Mr Brandon Gough, chair-

man, and his team are anxious to stress that things can only get better. However, after two damning reports on service in the past month, it disappointed investors by announcing that the expected share bny-back was now not "appropriate".

Mr Brian Wilson, group finance director, said: "The focus as a new management team is to get customers' confi-dence back. Once this has been done we will certainly address the balance sheet structure."

Following criticism over its service failures from Ofwat, the industry regulator, two days ago. Yorkshire agreed not to increase prices above inflation, a move which will cost £40m in revenues over the next three years. It also agreed to spend an extra £50m on top of the £170m already announced to improve supply. Total capi-tal expenditure will amount to more than £600m in the two years to March 1997.

The group said supplies would be maintained this summer, even in the event of weather conditions similar to last year.

A tankering operation to maintain supplies last year resulted in an exceptional · charge of £47.2m. Pre-tax profits for the year to March 31 rose to £162m (£142m), partly as a result of operating efficiencies. The 1994 figure was hit by a £50m charge for restructuring and a customer dividend. The news prompted Mr

Frank Dobson, the Labour par-

ty's shadow environment sec-

profits". Group sales rose 5.5 per cent to £579.6m (£549.3m), while operating profits before exceptionals advanced 10 per cent to £220m (£200m). A final dividend of 21.9p

Brandon Gough: keen to convince that things can only get better

makes a total of 31p, up 12 per cent. The group said it expec-ted to lift dividends by between 6 per cent and 8 per cent real until the end of the century. Mr Wilson said that net debt

tough regulation...and a

windfall levy on scandalous

retary, to renew its pledge of a of £167m – which gives gearing of 12 per cent - would rise to between 30 and 40 per cent because of the extra spending. He said that permission for a share buy-hack would he renewed at the July annual The results of a strategic

review into the group's non-core businesses is likely to be announced in the coming months. Earnings per share rose 10

per cent to 72p (65.5p).

# **Courtaulds Textiles** replaces Noel Jervis ment in two to three years

By Jenny Luesby

Courtanlds Textiles, the struggling textiles group, yes-terday replaced Mr Noel Jervis as chief executive, in a bid to accelerate a painful disposal programme that will cut group sales by more than 10 per cent. Mr Colin Dyer, who joined Courtaulds in 1982 from management consultants McKinsey, was yesterday appointed as chief executive with immediate effect. Analysts reacted to the

announcement with some shock. "If a statement had appeared

announcing Mr Jervis' retire-

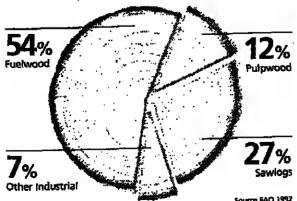
time, it would not have come as a surprise," said one. Mr Jervis took over as chief executive on the departure of Mr Martin Taylor to Barclays Bank at the beginning of 1994.

However, even once the disposals aim had been announced, Mr Jervis seemed to be tackling the disposal programme one business at a time, rather than in a grand

Mr Dyer said yesterday the disposal programme would be considerably accelerated. The group plans to get out of the spinning business. It would review its US operations.

#### Total fast year (102.7L) (14 ) (0.47L ) 17.3 151 1.29 (19.3 ) 2.5 6.5 6 miths to Mar 31 11.5 Cattyns Freepage Hambros (137 ) (1.31 ) (- ) (21.8 ) (40.3 ) (196.8 ) (950.2 ) (139.1 ) (342.2 ) (103.4 ) (103.4 ) (259.3 ) (259.3 ) 12.5 1.35L† 7.6L 17.7L† 19.4L 30.5 16.54 6.6 16.4 10.09 0.842L 20.84 3.02L 14L4 36 70.44 18.5 23.2 2.72 0.597L 11.94 152.24 5.23 7.5 nii 0.75 8.1 (4 ) (39.4L (8.6L ) (25 ) (13.7 ) 7.5 Yr to Mar 31 Yr to Dec 31 r to Mar 31 45.4 Yr to Mar 31 Yr to Mar 31 Yr to Mar 31 Yr to Mar 30 Yr to Mar 30 8 mits to Mar 31 261.3 1,059 114.2 Racal Electron 3.3 6.5 8.1 116.8 Yr to Dec 31 Yr to Mar 30 Yr to Mar 31 0.257 298.6 7.45† 72 28.67 579.6 r to Mar 30 S miths to Apr 30 Yr to Mar 31 ‡ 0.084 0.166 5.47 0.16 0.66 6.68 9.2 3.32 (0.03 ) (0.52 ) (9.91 ) (8.1 ) (2.59 ) 0.8 0.4 9.8¥ 113,22 (101.19) (0.015 ) (0.131 ) (3.73 ) Yr to Mer 31 1 90.9 (-) Yr to Aor 30 68.2 (71.1) Yr to Mer 31 404.6 (364.7) S mths to Aor 30 255.19 (229.91) (0.303) July 26 Indonesia Fund Limited International Depositary Receipts evidencing 100 Ordinary shares of US\$ 0.01 each Notice of Annual General Meeting of Shareholders





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issued by the NEWSPRINT & NEWSPAPER INDUSTRY

# Notice is hereby given that the Amual General Meeting of the Company will be held on the 11th Phote Registeridge House, 197 Krughsteridge, Landon SW7 IRB on Wednesday, 3rd July 1996 commencing at 10.30 arm to transact the following business. RESOLUTIONS To receive the report and accounts for the period critic reports of the directors and the mathon thereon. To elect as a director The RuHon Norman Larrour MP. To elect as a director Viscount Amor. To elect as a director Mr J L Duffield. To elect as a director Mr S Goodolous

IDR hokiers who with as your must follow the procedure exp IDS beiders mest deliver the IDSs to the Depository at the latest on Friday 28th June by 10.30 am at the address given below (attention: Sourcities Department telephone 508 86 42 teles 21752 at the address given below testeration: See MORBK.B), instruct the depositary as in the estary as to the manner at which votes should be east, and indicate to

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BANQUE GÉNÉRALE DU LUXEMBOURG

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## COMMODITIES AND AGRICULTURE

MARKET REPORT

# Copper prices plunge to two-year lows at LME

Mining Correspondent

A Chinese puzzle, option ralated selling and a wave of bearish sentiment combined yesterday to send COPPER prices plunging to their lowest levels for two years on the Londoo Metal Exchange.

Most other LME metals fell in sympathy, with only LEAD and ZINC remaining relatively stable. ALUMINIUM dropped briefly to a two-year low and NICKEL also fell sharply; but both rallied before tha end of

"One or two big pleyers - US hedge funds - thought the cop-per market was ripe for shorting," said one analyst. "So they went for the soft underbelly. But there was no

hloodbath He said the sharp fall in copper's price sent some option traders running for cover and they joined in the selling.

Copper for delivery in three mooths fell to US\$2,245 a tonne in late trading last night, more than 6 per cent below Tuesday's closing price and 17 per cent below the 1996 peak, reached early in May, of \$2,715. Some traders suggested the price would continue down to \$2,200 a tonne before it stead-

Mr Larry Kaplan, analyst at the Flemings Global Mining Group, pointed out that the copper market was heading for a substantial sopply surplus in the second half of this year. Also, recent interruptions to supply had been eliminated, so the only factor preventing a complete collapse in copper's price were rumours that China was to buy substantial tonnages. "But the Chinese won't push up prices against themselves. They will come in from

According to Mr Peter Hollands, author of the Copper Briefing Service newsletter, would import 100,000 to 110,000

386.10-386.50 387.00-387.40

Loco Ldn Mean Gold Londing Rates (Vs USS)

354.75

\$ price 386-389

520.50 526.95 533.45 547.05

€ **equiv**. 249-251

255-257

Previous close 390.80-390.90

2 months

3 months

Silver Fix

Spot 3 months

6 months

Gold Coin

Made Leaf

time to time as bargain buy-

tonnes of copper, partly to build up its strategic stockpile. So far, however, LME stocks had not fallen in the way that might be expected if China was buying. "We truly don't know what to believe. If it does happen, prices could be in for another roller-coaster ride. But if over the next few weeks it

becomes clear that it will not

happen, prices will collapse."
The difficulties analysts face in trying to solve this Chinese puzzle are outlined by Mr Ted Arnold, metals specialist at the Merrill Lynch financial services group. "We concede that the Chinese are once again a wild card in the price equa-tion," he writes in Merrill's Commodity Market Trends. "If they decide to buy for both current consumption and their strategic stockpile in the second half of this year, they should be able to buy at rather lower prices than at present. All they have to do is to wait and watch the surplus metal

start to huild up in LME ware "On the other hand, the Chinese may simply decide to play fun and games with the west-ern market and hide their hand completely. The Chinese could, for example, remain totally withdrawn from the spot market as boyers for

months and live off their stra-

tegic stockpile. "Alternatively, they could decide to sell part of their stockpile to the west in the sec-ond half while also aggressively sborting the markat. This could drive prices down sharply. Then the Chinese could buy back all the metal they wanted at much lower prices than would otherwise be the case, as well as making money on their short selling.

the hig Chinese trading houses can be as opportunistic as they like. Chinese metal purchases and sales are no longer monolithically controlled. There are a number of medium to smallcopper market is going to be much more volatile and unpre dictable than we were previ-

 The London precious metals complex bounced slightly in the afternoon following an overnight dive, hut dealers said further losses were possi-ble, reports Reuters.

ously expecting.

The trend is lower for now across the board. But everyone will be quite short right now, so trads could he quite choppy," a dealer said.

PLATINUM was trading at two-year lows and GOLD and SILVER were at five-month lows after chart-based long liquidation took the complex several notches lower in New York overnight. Platinum was fixed at \$392.75 a troy ounce, down \$6.75, while gold closed 23.15 down at \$387.60 an ounce and ailver 16 cents down at

# India predicts tea prices will remain firm

Strong demand is expected to soak up record output, writes Kunal Bose

India, the world's largest tea industry. However, the pro-ing more than 200m kg of tea." producer of tea, expects that prices of the commodity will remain firm throughout the current year, in spite of record production. Producers who took a beating at the auc tions last year, have so far this ason realised decent prices for tea grown in all parts of he country. Demand is particularly strong for orthodox tea,

which is mostly exported. According to Mr P.K. Sen, chairman of J. Thomas, the world's largest tea broking firm, "in spite of the unusually high production in November and December last year, the current season did not open with any significant stocks at the auction centres. All previous season tea had been sold out and we think the supply of the commodity will remain pretty tight till the year-end. Unlike last year, the market has moved in favour of the sellers. The producers will get a good premium for quality tea".

Last year's prices were a big

ducers, who until the middle of 1995 thought that the production could be as low as 725m kg, beaved a sigh of relief

Mr Ahuja does not think that the "revival in production and export last year was a flash in the pan". The Tea Board has,

'The market has moved in favour of the sellers. The producers will get a good premium for quality tea.

when the season ended with an ontput of 754m kg, up from

"More than the breakthrough in production what gives us comfort was the turnaround in export in 1995," commented Mr S.S. Ahuia, chairman of India's Tea Board. "We fared very badly in 1994 when our tea export amounted to only 151m kg, the lowest since 1936. However, aided by a strong revival in demand for Indian tea in the Commonwealth of Independent States. our export last year rose to

"Till 1991, India was export-

therefore, fixed a production target of 785m kg for the current year. Industry officials do not consider the target unrealistic. In every tea growing centre in the country, particularly in Assam and West Bengal, the average yield per hectare falls far short of the productivity level of the efficiently managed gardens. For example, in Darrang district of Assam, the best garden has a productivity rate of 2,941 kg a hectare, against an average yield of 2,011 kg. The average productivity of the gardens in the hills of Dareling is only 532 kg a hectare,

while there are a few estates

growing nearly 1,150 kg.
According to Mr Tejendra Khanna, commerce secretary, because of the difficulty in geting additional land for tea cultivation "much of the increase in production in future will have to come by way of pro-ductivity improvement". The federal government wants the industry to raise the production of tea to 1bn kg by the turn of the century. But as Mr Ahuja pointed out, the 1bn kg production target provided ouly "48m kg to come from

new plantation. Mr Ahuja said that the Tea Board had asked the industry to chase an export target of 150m kg in the current year. The target looks achievable, especially with Russia and other CIS constituents buying large quantities. Indian exporters will be facing strong competition, however, from Sri Lanka, which has established itself very well in CIS in the past few years. While Sri Lanka is not too dependent on

accounts for nearly 50 per cent of India's tea export. As part of a new marketing

ang pangangan kabangan pangan pan

strategy, the five leading members of ITA have formed a consortium called Project india Blend for selling value-added packet tea, containing blends of Assam orthodox, first in Russia and then in other CIS countries. Gelgate Trading of the UK will be marketing 1m kg of Assam orthodox tea in packets under Nargis hrand name in the current year. Besides the CIS, which offers volume, the Indian industry should "concentrate on markets like the UK. Germany and Japan, which pay good prices

for tea," according to Mr India surrendered the top exporter's slot to Sri Lanka some years ago, and Kenya's exports overtook indla's in 1993. But more than export volume, we are looking at price realisation. After all, we have a big domestic market for tea, unlike Sri Lanka and Kenya,

#### any single market, the CIS disappointment to the Indian Regulators sniffing around at US cheese exchange

Laurie Morse reports on an investigation into possible price manipulation on a little-known market

There is the smell of a rat at the National Cheese Exchange in Green Bay Wisconsin, where Federal regulators and State authorities are investigating possible price manipulation in the market that is used to price nearly \$18bn in bulk

GRAINS AND OIL SEEDS

cheese sales each year. The little-known exchange has been operating a cash, or "spot" cheese market for nearly a century. Until recently it was mostly a residual market, a sideshow to the government dairy price supports that dictated milk and cheese prices. As the gov-ernment exits the dairy support business, bowever, tha exchange has The variables are many and become a much bigger cheese, and its relatively secret and unregulated operations have drawn the attention of government investigators.

A handful of exchange members meet once a week, on Friday morning, to set prices for 40,000lb loads of chedsized players as well these dar cheese. Often there are no trades,

only indications of bids and offers. which are posted by hand on a blackboard. Sessions rarely last longer than a half bour.

Although inconsequential amounts of cheese are traded there, the market indications posted at the National Cheese Exchange provide the basis for prices paid to bulk cheese producers nationwide, and indirectly for milk pricing for most of the nation's

dairy farmers. Only a handful of companies trade at the exchange and for the past decade sales there have been dominated by consumer cheese marketing giants, particularly the Philip Morris Company' Kraft Foods subsidiary. These retailers have a special interes in bulk cheese pricing, and had tradi-tionally been buyers at the exchange. In the late 1980s, However, as the government's influence over dairy markets started to wane and market prices rose above government sup-

SOFTS

ports: "We began to see some bizarre trading patterns at the NCE," says Mr Willard Mueller, an Agricultural Economist at the University of Wisconsin. Traditional buyers, particularly Kraft, became heavy sellers es the cheese market was liberalised. Shortly afterwards bulk cheese producers, traditionally the exchange's sellers, turned buyers, presumably in an attempt to prop up national prices for their products, Mr Mueller suggests. His Food Systems Research Group, which specialises in studies of failed markets, was commissioned to sniff out problems at the cheese exchange by a Wisconsin state consumer protection agency and has just completed its four-year inquiry. Its conclusion is that Kraft, which accounted for 74 per cent of the sales on the exchange from 1988 to 1993, not only had the motivation and capacity for influencing prices at the exchange, "but occasionally did so", Mr Mueller

MEAT AND LIVESTOCK

■ LIVE CATTLE CME (40,000lbs; parits/lbs

62.200 -0.175 62.300 61.725 6.594 19.129 66.100 -0.050 66.150 64.700 7,355 33,436 66.250 -0.025 66.275 65.850 2,992 23,082 63.850 +0.125 63.900 63.600 1,786 11,538

says. (Kraft maintains it did not manipulate prices and says it found willing buyers for its offerings in normal trading at the exchange).

The study concludes that US dairy producers bave lost about \$1hn because of the alleged manipulation. The University of Wisconsin findings have sparked a minor furor in Washington, where the US Department of Agriculture is looking at cheese trading as it tries to nudge the dairy industry further along the road to market pricing, and where the Commodity Futures Trading Commission is belatedly recognising its indi-

National Cheese Exchange. The CFTC became the exchange's only direct regulator three years ago after New York's Coffee, Sugar and Cocoa Exchange launched a bulk cheese futures contract. The agency has powers to supervise cash markets that underly futures contracts. This

rect responsibility to supervise tha

link was hardly recognised by the CFTC, much less by the exchange, where Mr Richard Gould, the National Cheese Exchange President, has said he did not learn the CFTC was his regulator until he attended a congressional hearing on market manipulation in Washington last month. At that hearing acting CFTC chairman Mr John Tull told legislators that the CFTC was working with the Justice Department and the Federal Trade Commission to investigate

market manipulation at the exchange. The government has tried to get its teeth into cheese market complaints in the past, but has never been able to prove prices had been manipulated, Tha real solution to the problems at the NCE, researchers say, is to broaden the number of traders and improve market depth, or liquidity. This might be accomplished by listing the market on computer, something the exchange is considering.

#### COMMODITIES PRICES BASE METALS Precious Metals continued ■ GOLD COMEX (100 Troy as; \$/troy as) LONDON METAL EXCHANGE M ALUMINIUM, 99.7 PURITY (S per torme) 385.8 -1.7 387.8 385.7 1,365 1,312 AM Official Kerb close Open int, Total daily turnover 1546-7 1534-5 1509-10 PLATINUM NYMEX (50 Troy oz.; \$/troy oz.) 394.7 -2.0 397.0 394.5 2,898 19,428 397.5 -2.2 400.0 397.0 530 5,257 400.5 -2.2 403.0 402.5 2 1,037 403.5 -2.2 408.0 405.0 9 1,574 ALUMINAUM ALLOY (S per torne) 1302-5 1320-30 **Previous** 1320/1300 1307-8 1295-305 1270-80 PALLADRUM NYMEX (100 Troy oz : \$/troy oz.) 129.10 -1.60 130.00 129.00 167 432 129.45 -1.60 130.50 129.10 406 7,122 130.55 -1.60 131.50 131.00 2 666 4,795 985 Open Int. Total daily tumover LEAD (\$ per tonne) 624-5 620-1 830/814 SILVER COMEX (5,000 Tray oz.; Contactroy oz.) 513.5 -3.0 - 2 4 515.5 -3.0 5220 514.5 32,024 51,293 518.2 -3.0 528.0 528.0 3,496 18,881 528.8 -3.2 535.5 528.0 637 10,670 High/low 820-1 829-30 AM Official Total daily turnover MINICKEL (\$ per torre 7900-05 6035-40 7970/7880 7960-62 7940-50 Close Previous 7785-85 High/low AM Official 7840-45 Kerb clase **ENERGY** ■ CRUDE OIL NYMEX (1,000 barrels. \$/borrel) TIN (S per torme) -0.60 20.52 10.75 34,840 79,865 -0.48 18.71 18.08 18,180 50,349 High/low AM Officia 19.71 19.08 19.190 50,349 19.15 18.68 7,573 35,620 8110-20 -0.40 19.15 18.68 7.573 35.620 -0.36 18.68 18.36 2,766 26.023 -0.30 18.40 18.10 1,465 21,856 -0.30 18.35 18.02 1,447 35.508 E ZINC, special hig 1048-7 1046-7 III CRUDE OIL IPE (S/correl) Latest Day's price change High 17.91 -0.64 17.86 17.45 -0.54 17.87 17.03 -0.33 17.27 16.60 -0.32 17.08 18.71 -0.31 16.67 High low AM Official 1021 18.38 17.90 16.258 50.318 17.87 17.45 13.948 47.940 17.98 17.20 2.321 16.205 17.27 17.03 941 16.151 17.09 16.88 328 4.800 16.97 18.71 943 11.295 38.870173.394 73,756 16,421 E COPPER, gr 2319-21 18.71 2402-3 2375/2245 III HEATING OIL HYMEX (42,000 US galle,; c/US galls.) 2415-20 | Colorest Converse | Colorest Converse | Colorest Converse | Colorest Colo ciel £/\$ rate: 1.5443 LME Closing C/S rate: 1.5525 Soot: 1,5479 3 withe: 1,5459 6 miles: 1,5448 9 miles: 1,5443 53,45 -0.59 53.00 53.30 776 17,177 HIGH GRADE COPPER (COME) I GAS OD PE IS/mone 105 70 - 590 11320 104.00 271 3,537 102.05 -8.65 111.20 104.00 271 3,537 102.05 -8.65 111.20 104.00 271 3,537 102.05 -8.75 108.60 100.55 54 967 100.25 -7.80 108.00 100.00 546 8,546 99.55 -8.65 104.00 100.25 1 589 811.4 80.478 PRECIOUS METALS III LONDON BUILLION MARKET Gold(Troy (32) \$ price 2.377 +0.011 2.385 2.340 19.565 34,947 2.435 +0.020 2.440 2.395 5.323 22.270 2.407 +0.014 2.415 2.380 80 17.584 2.390 +0.017 2.390 2.360 1.481 14.408 388.00-388.40 387.95 387.65 250.776 487.886 250.339 487.276

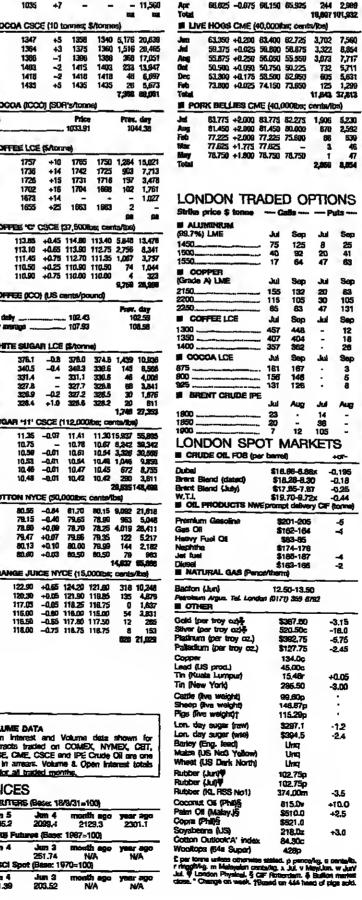
2400 +0.012 2400 2378 517 10,092 2462 +0.002 2465 2445 707 11,884

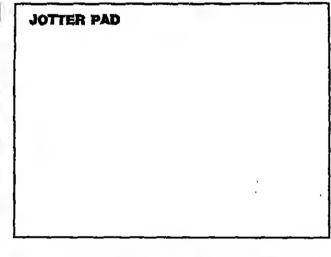
58.50 -1.19 61.10 58.10 14.825 25.426 58.60 -1.12 59.90 55.30 6,158 14.859 57.30 -0.82 57.90 57.10 1,068 5274 55.00 -0.82 55.18 54.90 72 1,578 53.70 -0.57 53.70 53.70 157 1,173 52.30 -0.97 53.00 52.30 154 1,120

III UNLEADED GASCLINE

HYMEX (42,000 US pats; C/US galls.)

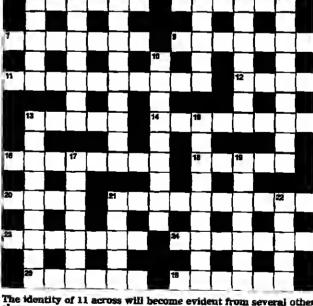
|   | AINS   |  |   |  | ED  | >   |  | FTS<br>COALCE   | ##   |  |                                |                          |                        |
|---|--|--|---|--|---|---|--|---|--|--|--------------------------------|--------------------------|------------------------|
| - W   | Sett   | Day's  |   |  |   | Open  |  | Sett  | Day's  | eg   |                                |                          | Doen                   |
|   | price  | change   | High  | Low  | Vel   | İnt   |  | price   |  | High   | Love                           | Act                      | het                    |
| Jul<br>Sep  | 123.15<br>111.50   | +0.90  | 124,00  | 121,00   | 232   | 1,327<br>365  |  | 1056<br>1084  | +1   | 1063   | 1052                           | 3,626                    | 15,163                 |
| Nov   | 113.50   | +1.10  |   | 112.25   | 215   | 2,881   | Dec  | 1026  | +9   | 1028   | 1017                           | 641                      | 31,42                  |
| Jan.  | 115.45<br>117.45   |  |   | 115.25<br>117.25   | 15<br>20  |   | May  | 1015<br>1025  | +8<br>+6   |  |                                | 1,317<br>87              | 37,107                 |
| May   | 119.45   | +1.05  | -   | -  | -   | 110   | Jul  | 1035  | +7   |  | -                              | -                        | 11,560                 |
| Total   | EAT CO   | T #5.00  | Obu mir   | n: emnts   | ABOTO b   | and<br>Heritan  | Total                                      | COA CSC   | E (10 t  | Onness   | \$/tonne                       | na<br>Isa                | D                      |
| Jel   |  |  |   | 486.00   |   |   | Jef  | 1347  | +5   |  |                                | 5,176                    | 20.639                 |
| Sep   | 483.25   | -11,25   | 505.50  | 490,00   | 6,089   | 19,886  | Sept                                       | 1384  | +3   | 1375   | 1360                           | 1,516                    | 20,46                  |
| Dec   |  |  |   | 496.00<br>500.00   | 8,775<br>213  | 18,893  | Bec  | 1386<br>1403  | -1<br>-2   |  |                                |                          | 17,051                 |
| May   | 475.00   | _  | 480,00  | 470.00   | 8   | 107   | May  | 1418  | -2   | 1418   | 1418                           | 48                       | 6,697                  |
| Joint Total   | 430.00   | -2.00  | 435.00  | 42810  | <b>35,033</b>   | 1,571   | Total                                      | 1435  | +5   | 1435   | 1435                           | 7,358                    | 5,673<br>88,061        |
| M MA  | IZE CBT  | (6,000   | bụ min  | cents/   | 561b bu   | pshen)  | <b>■ C</b> 0                               | COA (ICC  | O) (SD   | A's/ton  | ne)                            |                          |                        |
| 101   |  |  |   | 429.25   |   |   | Jun 4                                      |   |  | Pric   |                                | Pres.                    |                        |
| Sep   | 373.25<br>344.75   |  |   | 372.00<br>338.50   |   |   | Daily                                      |   |  | . 103319   | 1                              | 104                      | 14.38                  |
| Mar<br>May  | 346,75<br>350,50   |  | 353.50<br>355.00  | 345.00   |   | 19,887<br>3,629   | <b>■ CO</b>                                | FTEE LCE  | (\$Aton  | ne)  |                                |                          |                        |
| Jes   | 348.00   |  |   | 347.00   | 192   |   | Jal  | 1757  | +10  | 1765   |                                | 1,284                    |                        |
| Total   |  |  |   |  | (37,D42   | 379,867   | Sep  | 1736<br>1726  | +14  | 1742<br>1731   | 1725<br>1716                   | 903                      | 7,713<br>3,478         |
|   | RLEY LO  |  |   | <u>,                                    </u>   |   |   |  | 1702  | +16  | 1704   | 1668                           | 102                      | 1,761                  |
| Sep   | 106.50<br>107.90   | +1.25  | 107.00  | 107.00   | 10  | 68<br>670   | Mar<br>May                                 | 1673<br>1655  | +14  | 1663   | 1663                           | 2                        | 1,027                  |
| ,Jan  | 110.15   | +1.15  | 109.50  |  | 8   | 133   | Tetal                                      |   |  |  |                                | 08                       | ρa                     |
| Max<br>May  | 112.00<br>113.25   | +1.25<br>+1.25   |   | -  | _   | 41<br>8   |  | PTE C   |  |  | _                              |                          |                        |
| Total   |  |  |   |  |   | -   | Jul<br>Sep                                 | 113.65  |  |  | 113.40<br>112.75               |                          | 13,476                 |
|   | YABEAN   |  |   |  | _   |   | . Dag                                      | 111.45  | +0.75  | 112.70   | 111.35                         | 1,067                    | 3,757                  |
| Jef<br>Ang  | 765.50<br>761.25   |  | 772.00<br>768.00  | 765.00<br>760.75   |   | 57,852<br>14,692  | Mar  | 110.50<br>110.90  |  | 110.90   | 110.50<br>110.00               | 74                       | 1,044                  |
| Sop   | 740.75   | -4,25  | 747.50  | 740.50   | 814   | 6,948   | Total                                      |   |  |  |                                |                          | 28,996                 |
| Jan 1   | 727.75<br>734.50   |  | 735.50<br>741.50  | 727.00<br>734.00   | 27,376<br>715   | 6.803   | E CO                                       | FFEE (ICC   | US   | SHILTEN/DO   | ound)                          |                          |                        |
| Mar   | 740.50   |  | 747.00  |  | 228   | 3,084   | Jan 4                                      | la Bu   |  | 107.6  |                                | Prov.                    | <b>day</b><br>2.59     |
| Total   | YABEAN   | OF C   | T 690 C   | Whe !  | 63,136 1  |   | 15 day                                     | nerage  |  | 107.9  | i                              |                          | 8.58                   |
| 100   | 25.64  | -0.04  | 25.86   |  | 13,141  |   |  |   |  |  |                                |                          |                        |
| AUG   | 25.83  | -0.03  | 26.05   | 25.82  | 3,893   | 14,185  | Aug  | TE SUGA   | -0.8   | 376.0  |                                | - 400                    | 10.000                 |
| Sep   | 28.02<br>26.15   | -0.00<br>-0.02   | 26.23<br>26.40  | 26.01<br>26.15   | 1,052<br>1,123  | 6,373<br>5,648  | Oct  | 340.5   | -0.4   | 340.3  | 336.6                          | 1,439                    | 8,566                  |
| Dec   | 26.48  | +0.01  | 26.67   | 25.64  | 5,087   | 21,802  | Her<br>Mar                                 | 331.A<br>327.B  | =  | 331.1<br>327.7   | 330.6<br>326.6                 | 46<br>66                 | 4,000                  |
| Ján<br>Total  | 26.53  | +0.01  | 26.73   | 26.53  | 46<br>24,841  | 1,827   | May  | 326.9   | -02  | 327.2  | 326.5                          | 30                       | 3,841<br>1,676         |
| # SO  | YABEAN   | MEAL   | CBT (1  |  |   |   | Ang<br>Total                               | 328.4   | +1.0   | 328.6  | 328.2                          | 20<br>1,740              | 611                    |
| Jel   | 238.6  | -1,3   | 238.5   |  | 13,610  |   |  | 3AR 41' (   | SCE (  | 112,000  | ilbs; ce                       |                          |                        |
| Aug<br>Sap  | 236.2<br>233.7   | -0.9<br>-1.1   | 237.6<br>235.5  | 235.5<br>238.5   | 1,777   | 12,851  | Jel  | 11,35   | -0.07  | 11.41  | 11.301                         | 5,937                    | 55,895                 |
| Oct   | 228.3<br>227.4   | -1.4<br>-1.9   | 230.5<br>229.7  | 228.0<br>227.0   | 1,247   | 4,100   | Oct<br>Mar                                 | 10.75<br>10.50  | -0.61  | 10.78<br>10.61   | 10.67                          | 8,242<br>3,326           | 39,342                 |
| Jack.   | 227.8  | -1.3   | 230.0   | 227.8  | 13  | 21,997<br>2,956   | May  | 10.53   | -0.61  | 10.54  | 10.49                          | 1,046                    | 9,850                  |
| Tetal   | rationer.  |  |   |  | 28,795  | 99,846  | -Jarl<br>Oct                               | 10,46<br>10,48  | -0,61<br>10,0-   | 10.47<br>10.42   | 10.45                          | 672<br>290               | 8,755<br>3,611         |
|   | FATOES<br>85.0   | +2.5   | (CATERN)  |  |   |   | Total                                      |   |  |  |                                | 19,635                   |                        |
| Nov<br>Mar  | 110.0  | -  | Ξ   | Ξ  | Ξ   | Ξ   | <u>■ co</u>                                | TON NY  |  |  |                                |                          |                        |
| Apr<br>May  | 138.5<br>150.0   | +4.0<br>+50  | 139.9   | 133.0  | 119   | 1,161<br>3  | Jeil<br>Get                                | 80.55<br>79.15  | -0.84<br>-0.40   | 61,70<br>79,65   | 78.90                          | 9,082                    | 21,618<br>5,048        |
| Just  | 162.5  | -  | Ξ   | =  | Ξ   | -   | Dec  | 78.60   | +0.09  | 78,70  | 78.25                          | 4,019                    | 28,411                 |
| Total   | OUT (P   |  | ~ ~   |  |   | ng  | Mar  | 79,47<br>80.13  | +0.07  | 79.66<br>80.60   | 79.35<br>79.99                 |                          | 5.217<br>2,182         |
| Jan   | 1285   | -5   | 1300  | 1285   | pourių<br>7   | 596   | Jed<br>Total                               | 80.60   |  | 80,50  | 80,50                          | 79                       | 963                    |
| .huj  | 1234   | -16  | 1240  | 1230   | ź   | 2,084   |  | WGE JUI   | CE NY  | CE (15.  |                                | 4,837<br>cents/          |                        |
| Amp<br>Oct  | 1233<br>1335   | -25<br>-17   | 1240<br>1350  | 1240<br>1335   | 1 9   | 75<br>1,358   | Jed  | 122.90  |  | 124.20   |                                | _                        | 10,248                 |
| Jan   | 1345   | -13  | 1345  | 1345   | 4   | 138   | Sop  | 120,30  | +0.05  | 121.90   | 119.85                         | 135                      | 4,879                  |
| Apr<br>Total  | 1358   | -17  | -   | -  | -   | 93  | Hor<br>Jan                                 | 117.05<br>115.00  | -0.60  | 118.25<br>118.00   | 115.00                         | 0<br>54                  | 1,637<br>3,831         |
| BFL   |  | 1220   |   |  |   |   | War<br>May                                 | 116.50<br>118.00  |  |  |                                | 12<br>8                  | 265<br>153             |
| DIT.  | 1-338  | 1332   |   |  |   |   | Total                                      | 110.00  | -0.73  | 116.73   | 110.13                         |                          | 21,029<br>21           |
|   |  |  |   |  |   |   |  |   |  |  |                                |                          |                        |
| All futu  | ES DAT   | SUPPR  | nd by C   | CMS.   |   |   |  |   |  |  |                                |                          |                        |
| Nuts<br>Price<br>nian<br>open<br>MEP,<br>tonne  | and See<br>s from k<br>pissechic<br>ed (roun<br>steady;<br>is. US at<br>995 cro  | supplieds<br>ienkko<br>os 28/3<br>d; 1995<br>imonds<br>s; New  | Group;<br>0 raw<br>95 cro<br>(shelle<br>crop  | USS a<br>(in she<br>p 3,300<br>spected<br>d), tight<br>27/30   | ell) netz<br>2 CFR<br>est 100<br>t eventa<br>standar  | urally<br>/FOT<br>0.000<br>blisty<br>d at                                 | Open<br>contr<br>NYC<br>day I              | MAE DATA Interest sots track of american                                | and V<br>SCE a<br>Volum  | COME<br>not IPS<br>se 8. ()  | X, NYI<br>Crude                | VEX, (<br>Oil are        | CET,<br>CENS           |
| All futu<br>Nuts<br>Price<br>rain<br>open<br>MEP,<br>tonne<br>for 1<br>5,650                  | and See<br>6 from k<br>pistechic<br>ed (roun<br>steady;<br>is. US at<br>995 crop<br>I FAS Ca   | supplies sals sankso s 28/3 d); 19 1995 imonds s; New  | Group;<br>10 raw<br>95 crop<br>crop so<br>(ghelle<br>crop<br>Septes   | USS a (in she p 3,30) spected d), tight 27/30 :  | ell) netz<br>D CFR<br>est 100<br>t evente<br>standar<br>ctober:   | urally<br>/FOT<br>1,000<br>ubility<br>to at<br>ship-                      | Open<br>confr<br>NYCi<br>day i<br>are to   | Interest<br>acts track<br>E, CME, C<br>or arrears.<br>or all track      | and V<br>SCE a<br>Volum  | COME<br>not IPS<br>se 8. ()  | X, NYI<br>Crude                | VEX, (<br>Oil are        | CET,<br>CENS           |
| Nuts Price nian open MEP, tone 15,650 ment, 8,100   | and Sec<br>s from k<br>pistachk<br>ed (roun<br>steady;<br>is. US at<br>995 croj<br>is FAS Ca<br>steadies<br>FAS Ca   | supplies supplies sankko s 28/3 d; 19 1995 imonds s; New ällemia, r. US v salifomia  | Group: 0 raw 95 crop crop ex (ghelie crop Septes  | USS a (in she p 3,30) toested d), tight 27/30 : mber/OLLHP 2t, india   | ell) neta<br>2 (2FR)<br>et 100<br>t eventa<br>standar<br>ctoloer:<br>296, pro<br>or cast  | rally<br>/FOT<br>1,000<br>ibility<br>d at<br>ship-<br>ompt<br>hevrs       | Coords<br>NYCI<br>day I<br>are to          | Interest sets tracked, CME, Come, Contains and tracked CES              | and V<br>ad on<br>SCE a<br>Volume  | COME<br>not IPS<br>se 8. O   | Crude<br>Den Int               | VEX, (<br>Oil are        | CET,<br>CENS           |
| Nuts Price nian open MEP tonne for 1 5,650 ment 8,100   | and See<br>s from k<br>pistachk<br>ed (roun,<br>steady;<br>1985 cro<br>1 FAS Ca<br>steadie   | supplies sals sankso s 28/3 d; 19 1995 imonds s; New allemia, r. US v salfomia   | Group:<br>0 raw<br>95 crop<br>crop to<br>(shelle<br>crop<br>Septes<br>relnuts<br>a, case,<br>320, 6,3                                   | USS a (in she p 3,30) the sted d), tight 27/30 : mber/Oi LHP 20 y, India 300 spc   | ell) nette<br>D CFR<br>at 100<br>t evente<br>standar<br>stolder :<br>196, pro<br>on cast<br>at Euro   | urally<br>/FOT<br>1,000<br>bility<br>of at<br>ship-<br>ompt<br>heres      | Coper<br>coordin<br>NYCI<br>day I<br>are k | Interest social tracks. CME, CME, Con amegas. or all tracks. CES        | and Voternament of the Votername | COME<br>not IPE<br>se 8. O   | Crude  <br>Crude  <br>pen Inti | MEX, (Oil one stress to  | CEIT,<br>cone<br>ctals |
| All futu<br>Nuts<br>Price<br>rian<br>open<br>MEP,<br>torns<br>6,100<br>rans<br>up si<br>India | and Second key be seen of the second key be seen of FAS Ca steadies of the second party; 18 for second for sec | supplies sets centiso se 28/3 d); 1995 imends ; New illemia ; US v cellifornia pp, W-3 96 cru and half   | Group:<br>10 raw<br>95 crop<br>crop to<br>fehalle<br>crop<br>Septes<br>8, easy<br>120, 6,3  | USS a (in she p 3,300 to steel of), tight 27/30 : mber/Oi LHP 20 ; India 300 spc origin at 8. Turkd  | ell) neta<br>D CFR<br>et 100<br>t eventa<br>standar<br>ctober :<br>0%, pro<br>or cast<br>at 8,050<br>left files                                       | raffy /FOT 1,000 bility d at ship- ompt hiers pe - CFR elinut             | Coords<br>NYCI<br>day I<br>are to          | Interest packs tracks CME, CME, Con amegra. Or all track CES CMES (Both | and V<br>ad on<br>SCE a<br>Volume  | COME<br>not IPS<br>se 8. On<br>this.                                       | Crude<br>Den Int               | MEX, (Oil one stress to  | cene<br>otals          |
| Nuts Price nian open MEP. Seson ment strong si India  | and Sets and Sets from k postechic ed (roun) steady; s. US et 995 crop l FAS Ca 1995 crop l FAS Ca 1995 cro l FAS C 1995 cro  | supplies selfs sel | Group;<br>00 raw<br>95 crop<br>crop so<br>(ghelle<br>crop<br>. Septes<br>a, easy<br>120, 6.3<br>of 199<br>ard 1s,<br>p at 3             | US\$ a (in she p 3,300 pented d), tight 27/30 : the control of the | ell) nette<br>0 CFR<br>at 100<br>t eveila<br>standar<br>109, pro<br>1 Suro<br>2 6,050<br>lish haz<br>crop, 3<br>00 ME                                 | urally /FOT 1,000 bility of at ship- ompt hews pe - CFR elnut 1,050       | Coentrol Control NYC day I are 1           | Interest packs tracks CME, CME, Con amegra. Or all track CES CMES (Both | and Voter and The Voter and Th | COME<br>not IPE<br>is 8. O<br>http://www.<br>/9/31=<br>mont<br>21<br>1987= | Crude pen into                 | MEX, (Oil ore<br>brest t | crie<br>otals          |
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#### CROSSWORD

No.9,087 Set by GRIFFIN



ACROSS
1, 4 Book by 11 is racy; also one

round river (7)

(free, or Vera will go mad!) (8,3.7) 16 Take burden from one French

theologian during auction (8) Thanks salesman for returning lighter (5)
20 Still Cambridge water, about a pound (4) 21 See 14

23 Use lint when removing tool (7) 24, 26 I lent David Lee another book by 11 (4,3,3,3) 25 Film from bere, with love, 11's hero (6) 26 See 24

DOWN 1 Tea at home in Ware (5) 2 Hesitate to say it after body gets harder! (7) 3 Tender sound made by nanny

5 To be paid nothing to fly (5)

6 Say you will salute a top officer outside (5,2)
7 Bored emir unlikely to add I worked on (6.6)

8 Impersonating an 'Allo 'Allo

10 Former county ceotres beargirl, weep (7)
Uodress bodies scattered ing a cross (9)
13 11's middle name could be 11 ? (3,7)

12 Memorandum returned by
11 teacher (4)

13 teacher (4) 12 Memorandum returned by 11's teacher (4)
13 Immature insect found in circular vase (5)

14 To have left io 14 across without Princess is nuts! (7) 14. 21 across By 11 book suit 19 Nurse follows padre, baving no time to make believe (7) 21 Excuse first-class politician accepted (5) 22 11's Bond was one winner he Solution 9,086

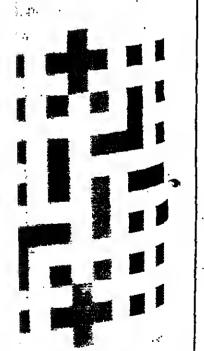
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BOSSWORE



Geople say that we live in the past. Well yes, we have been providing for the *future* by managing investments for 200 years. ??

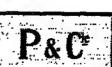
any things have been said about us. No doubt we asked for it. We've been doing the same job for 200 years: managing investments. And this longstanding experience has always been our pledge for the future. Can this reasonably be held against us?











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# US Treasuries flat ahead of employment data | Hammerson issue

By Lisa Bransten in New York, and Samer Iskandar and Philip Coggan in London

US Treasury prices were mostly flat in early trading yesterday as investors held their positions and waited for Friday'a release of May jobs

Near midday, the benchmark 30-year Treasury was off 1 at 87% to yield 6.999 per cent. The two-year note was unchanged at 99½, yielding 6.237 per cent. The September 30-year Treasury bond future added is

to 107%.
The yield curve between the two-year note and the long hond ateepened by another basis point to 76 basis points. Currency trading did little vesterday to provide direction to the bond market as the dol-lar posted small gains against the Japanese yen and the D-Mark. In early trading, the US currency was changing hands for Y108.81 and DM1.5307 against Y108.75 and DM1.306 late on Tuesday. Bonds did get some relief

from falling commodity prices.

Ridder/Commodity Research Bureau index fell 1.17 to 248.88.

In each of the past three months the bond market was jolted by stronger-than-expected employment figures, so traders were anxiously awaiting tomorrow's figures. Recent economic data have been mixed, leaving Wall Street economists divided about whether the Federal Reserve might raise interest rates in

■ The US Treasury could issue index-linked bonds as soon as this year, according to Ms Darcy Bradbury, assistant secretary (financial markets), who is in London on a roadshow to talk to institutional investors

about the new securities. Plans to issue the bonds were announced by Mr Robert Rubin, US Treasury secretary. last month. But the Treasury has vet to establish the maturity or structure of the bonds, or decide on which inflation index will be used; it is talking to investors in the US. Europe and Japan to seek their views.

One possible structure which has been mentioned by investors is for all the inflation proofing to be paid in the form of income every year, rather than have the capital value of the bond increase in line with the index. If such a bond had a face value of \$1,000 and a real yield of 3 per cent, then in a year with 4 per cent inflation, it would pay \$70 in income.

#### **GOVERNMENT** BONDS

Ms Bradbury said the timing of the first bond issue would depend on whether there was unanimity on the favoured structure among investors. A more varied response would mean that the Treasury would need more time to work out the optimal structure.

■ European markets fell yesterday in a quiet session domi-nated by the rolling of June futures contracts into September maturities.

German bonds ended lower. the 10-year banchmark bund losing 0.19 at 98.18. Liffe's Sep-tember bund future settled at 95.51, down 0.20. News that German GDP had contracted 0.5 per cent in the first quarter. in line with expectations, had little effect on prices.

■ French bonds undernerformed the German market Matif's June notional future closed at 123.26, down 0.16. In tha cash market, the 7% per cent OAT due 2006 closed at 105.16, down 0.25, its yield spread over the 10-year bund widening by 1 basis point to 2. Analysts are optimistic about tha government's tax reform plans but warn not to expect immediate effects on the financial markets. The parliamentary debate will start at the

■ UK gilts ended slightly lower in moderate volumes. Liffe's September long gilt future settled at 106%, down &.
In the cash market, the 7½ per cent gilt due 2006 closed at 96%, down &, its yield spread over bunds widening slightly to 171 basis points.

end of the summer.

Among Europe's high yielding markets, only Sweden ended the session marginally higher, the 10-year benchmark bond closing at 85.59, up 0.06. Italian bonds closed with limited losses. Liffe's September BTP future settled at 115.29, down 0.37, while in the cash market the 10-year BTP lost 1/4 at 100%. The Italian 10-year yield apread over bunds remained stable at 312 basis points. Spanish bonds also

showed a poor performance.

98.58. down 0.41.

■ Most analysts remain bearish on Japanese bonds. In this environment Mr Peter Wilson, Yen strategist at Tokyo Mitsubishi in London, is viewed by some as a contrarian when he refutes what he calls the "usual bear arguments". Concerning fears of over-supply of bonds, Mr Wilson's forecast of V15.300bn of net issuance in the current fiscal year is well below last year's amount and the peak reached in 1994. Mr Wilson also disputes the wide-

ly-held belief that the rising

equity market is attracting investors away from bonds. He believes recent equity purchases were mainly undertaken by foreign investors, while "domestic institutional investors are more likely to be taking profits on shares to invest more in bonds". Mr Wilson is also sceptical on rumours of imminent monetary policy tightening. Although some analysts expect the Bank of Japan to start raising interest rates soon after tomorrow's release of the Tan-kan report, Mr Wilson insisted thet these expectations, mea-

futures contracts, have declined recently. "Economic recovery will be slower than expected", he said. Mr Wilson expects the JGB yield curve to continue steepening in the coming weeks, with the yield on the number 135 JGB due 2000 falling about 20 basis points. Liffe's September JGB future settled at 119.32, up 0.46. The benchmark 10-year JGB, number 182, closed at 99.17, up 0.28, to yield

3.11 per cent.

sured by the implied rates on

# approved by ABI

By Antonia Sharpe

A £100m convertible bond offering launched yesterday by Hammerson, the UK property company, appeared to show that the resolve among UK shareholders to defand their pre-emption rights was Hammerson's transaction

comes at a time when pre-emp-

tion rights are under attack, in particular from the banking community, because they increase the cost to UK companies of raising equity financing and prevent them from expanding their investor base. UK companies must offer any equity or equity-related securities to its shareholders first, but they are allowed to issue up to 5 per cent of issued share capital in the form of shares, or equity-related securities - such as convertible bonds - without pre-emption. In the case of an acquisition,

companies can finance it with shares or equity-related securities amounting to not more than 10 per cent of issued

share capital, also without pre-emption.

Hammerson's convertible. which relates to 8 or 9 per cent of its issued share capital, was approved by the Association of British Insurers - which ensures that pre-emption rights are not violated because the company said the proceeds would help finance its recent buying spree. Hammer-son's main sharebolders Standard Life, PDFM and Hermes - are said to have followed

suit, albeit grudgingly. Some bankers said they were surprised that the three institutions did not put up a fight because in their view the proceeds were not funding a specific acquisition but were more likely to re-finance debt taken out to finance past acquisitions. "This offering is another chink in the disbandment of UK pre-emption rights," said one banker.

But Hammerson said there were sound commercial reasons for the offering and that it did not violate its shareholders' pre-emption rights.

# Sterling offering from Toyota

By Conner Middelmann

Activity in the eurobond market slowed yesterday ahead of today'a Corpus Christi holiday in Germany and tomorrow'a release of US employment data and Japan's quarterly Tankan report.

However, the sterling sector saw more supply following the strong reception recent eurosterling issues have seen. "The market's got a very positive tone to it - we've been seeing demand flows continue to take recent issues down very quickly," said a dealer with a UK bank.

This encouraged Toyota Motor Credit Corp to issue £150m of three-year bonds priced to yield 10 basis points over gilts. While some traders

deemed that spread to be tight, lead manager BZW said it com-pared well with other outstanding deals. Moreover, Toyota's rarity value in the sterling sector, which it last tapped in 1988, was likely to lend the issue support, he said. The spread remained unchanged, and BZW reported strong

#### INTERNATIONAL BONDS

Swiss retail demand.

In dollars, General Electric Capital Corp issued \$200m of two-year bonds priced tightly to yield 5 basis points less than US Treasuries. The spread widened to trade flat to Treasuries, but lead manager UBS was confident that the bonds would get placed among Swiss retail investors, with tha spread set to tighten back.

Norway's Christiania Bank issued \$150m of subordinated floating-rate step-up bonds callable after seven years. Lead manager SBC Warburg said it had substantial lead orders out of Asia, where most of the deal was placed. Many international investors remain reluctant to buy long-dated fixed-rate dollar securities, preferring to hold defensive floating-rate paper, a

The eurolira sector saw its first-ever callable step-up bond, L250bn for Dresdner Bank, which saw such demand that it was increased from its initial L200hn issue size, J.P. Morgan, joint bookrunner with BNL

| Borrower<br>US DOLLARS   | Amount<br>m.  | Coupon<br>%  | Price  | Manualty   | Food<br>%                                       | Spread<br>bp   | Book-runner   |
|--|---|--|--|--|---|--|---|
| Providen Series 1996-1(a);   | 750   | (a1)   | (21)   | Jun 2003   |   |  | Lehmen Brothers   |
| Cle Financière de CIC(b):  | 200   | (b1)   | 99.965R  | Jun 2002   | 0.20R   |  | Serve International   |
| SECC(s)  | 200   | 6.125  | 99.89R<br>99.764R  | Dec 1996   | 0.15R<br>0.45R                                  | -5 <del>(6%-9</del> 6)   | UBS<br>SBC Warburg  |
| Christiania Bank(c);<br>Abbey Nati Treasury Services   | 150<br>75   | (c1)<br>(c1)   | 99.69R   | Jun 2008<br>Jul 2000                                       |   | +211/674%-90   | Kredetbank inti Group   |
| D-MARKS<br>CCDC(e);  | 100   | (e1)   | 100.11   | Apr 2000   | 0.20  |  | OG Bank/Mentil Lynch San  |
| YEN<br>Spintab+  | 13bn  | 2.60   | 100.20   | Jun 2001   | 0.25  | -  | Tokyo-Miksubishi Bank   |
| STERLING<br>Toyota Motor Credit Corp(s)<br>Hammerson(f)§   | 150<br>100  | 7.25<br>6.50s  | 99.814R<br>100.00  | Dec 1999<br>Jun 2008                                       | 0.1875R<br>2.50                                 | +10(6%-99)   | Barciays de Zoete Wedd<br>Goldman Sachs Inti  |
| PRENCH FRANCS<br>Saint Gobeln Nederland  | 2bn   | 5.625  | 99.322FI   | Jul 2001   | 0.275R  | +21()  | CNCA/JP Morgan  |
| LIXEMBOURG FRANCS<br>SenFinance Luxembourg   | 3bn   | (g)  | 102.50   | Jul 2006   | 2.00  | -  | Banque Générale du Lux  |
| TALIAN LIRE<br>Drescher Bankft)  | 250bn   | (211)  | 101.675  | Jul 2001   | 1,875   |  | BCI/BNL/JP Morgen   |
| AUSTRALIAN DOLLARS<br>BMW Australia Finance  | 100   | 9.00   | 101.85   | Jul 2001   | 2.00  |  | Deutsche Morgan Grenfell  |
| First terms, non-callable unless (<br>Sconvertible, *Linifeted, *Semi-<br>Pricad later: 1-mth Libor +17-18<br>(and Libor +17-18) by to<br>1998 at per. e1) 3-mth Libor +10<br>(b) 10/7/03 and then 9%, h) Callab | annual coup<br>lisp area. b)<br>June 2003,<br>lisp. f) Conv | con, R: fixe<br>Callable fro<br>then +112<br>price; 435. | ed re-offer<br>em June 20<br>14bp. d) 59<br>6p. Callable | price; fees a<br>00 at par, b<br>to 17/7/98<br>after 5 yrs | shown at<br>1) 3-mth<br>then 81/2<br>at par. 15 | re-offer level, a<br>Liber +12½bp,<br>%, e) Fungible<br>% cleanup call | <ul> <li>Legal maturity: 15/8/07, a:</li> <li>Callebie from June 2003 r</li> <li>with DM250m. Callebie in Ap. g) 5½% to 10/7/01, then 7%</li> </ul> |

Price Indices UK Gifts

Up to 5 years (22) 5-15 years (19) Over 15 years (9) Irredeemables (6)

6 Up to 5 years (1) 7 Over 5 years (11) 8 All stocks (12)

FT-ACTUARIES FIXED INTEREST INDICES

0.02

-0.22 -0.07

121,29 144.56

# Panamanian Brady bonds perform strongly

By Richard Lapper, Capital Markets Editor

Progress on debt rescheduling agreements helped the bonds and secondary market debt of Panama, Russia and Peru perform strongly last month, according to the J.P. Morgan **Emerging Markets Bond Index** 

Monitor (EMBI). The total return delivered by Panamanian Brady bonds trading on a "when issned" basis - increased by 12.1 per cent, Russian and Peruvian secondary market loans generated total returns of 7.4 per cent and 5.8 per cent, respectively, against a rise for the

Jun 5 Jun 4 Yr. ago

index of 1.73 per cent. Bulgarian Brady bonds also outperformed, rising by 5.4 per cent, largely as a result of indications that the country will be able to secure a package of international loans from the multilateral institutions.

Mexican Brady bonds were the worst performers, falling 1 per cent. But the report said "completion of Mexico's 30year eurobond swap, along with speculation over the likelihood of similar deals for other Brady countries, lent a positive tone to the market".

The EMBI index has gained 31.3 per cent in the last 12

Jun 5 Jun 4 Yr, ago Jun 5 Jun 4 Yr, ago Jun 5 Jun 4 Yr, ago

7.52 7.83 7.85

Jun 5 Jun 4 Yr. ngo

Charter . . . . .

|  |   | Red  | ENT BO   | NDS<br>Day's   | Week   | Month  |  | COLUMBS (  | _  | ULS -  | an'mi bo  | Ints at 100%   | PUTS -   |   |
|--|---|--|--|--|--|--|--|--|--|--|---|--|--|---|
|  | Coupon  | Date   | Price  | Change<br>Usy's  | Yield ago  | - Ago  | Strike<br>Price  | Jul  | Aug  | Sep  | Dea J   | Jul Aug  |  | Dec   |
| ralia  | 10.000  | 02/06  | 106.7160   | -0,340   | 8.97 8.82  | 8.70   | 9550   | 0.44   | 0.78   |  |   | 43 0.77  |  | 1.85  |
| e.<br>Min  | 7,000   | 02/06<br>05/06   | 87.7700<br>101,9500  | -0.030<br>-0.120   | 6,44 6,40<br>6,72 8,66   | 6.34   | 9600   | 0.21   | 0.54<br>0.35   |  |   | .70 1.03<br>.08 1.34   |  | 2.15<br>2.49  |
| 17<br>a *  | 8,750   | 12/05  | 107.3000   | -0.120   | 7,66 7,56  | 5.58<br>7.69   |  |  |  |  |   | R., Calls 11715  |  |   |
| wk   | 8.000   | 03/06  | 0.0000   |  | 0.00 7.38  | 7.19   |  |  |  |  |   |  |  |   |
| DAT  | 5.750<br>7.250  | 03/01<br>04/06   | 100,7600<br>105,1600   | -0,120<br>-0,250   | 5.56 5.48<br>6.52 6.44   | 5.49<br>6.38   | Italy  |  |  |  |   |  |  |   |
| ny Bund  | 6.250   | 04/06  | 98.1800  | -0.190   | 6.50 6.42  | 6.33   |  | NAL ITALI  |  |  | P) FUTUR  | ES   |  |   |
|  | 8,000   | 08/06  | 101.6500   | -0.400   | 7.75 7.57  | 7.45   | (FTI-LE)   | Ura 200m   |  |  |   |  | <del></del>  |   |
| No 140   | 8,500   | 06/01  | 100,7500   | -0,120<br>+0,289   | 8.38† 9.26<br>2.17 2.30  | 9,58<br>2,50   |  | Open   | Sett prior   |  | -   | Low  | Est. vol   | Open le   |
| No 182   | 3.000   | 09/05  | 99.1725  | +0.285   | 3.12 3.18  | 3.45   | Sep<br>Dec   | 115.00   | 115.29   | -0.37<br>-0.37   | 115.81  | 115.23   | 38751  | 52441   |
| nda  | 8.000   | 01/06  | 97.2200<br>116.6200  | -0,180<br>-0,360   | 8.39 6.30<br>9.02 8.83   | 8.27   |  | N 0000 W   |  |  | -   | A 1000 - 1-1   | 0  | _   |
|  | 11,975<br>8,800   | 02/05  | 97,2000  | -0.440   | 9.02 9.02  | 9.05   |  | M GOAT' B  |  |  | OFTIONS   | (LIFFE) Liral  |  | DE OL TUU   |
|  | 8.000   | 02/05  | 85.5658  | +0.057   | 8.40 8.39  | 8.16   | Strike<br>Price  |  | Sep C/   | LLS De   |   | Sep  | PUTS -   | Dec   |
|  | 6.000<br>7.500  | 12/00<br>12/06   | 102-08<br>96-04  | -2/32<br>-3/32   | 7.40 7.39<br>8.05 8.05   | 7.32<br>7.97   | 11500  |  | .80  | 2.3  |   | 1.51   |  | 2.67  |
|  | 9.000   | 10/08  | 106-16   | -3/32  | 8.15 6.18  | 8.07   | 11550  |  | .55  | 213  |   | 1.78   |  | 2.94  |
| Sury *   | 6.875   | 05/06  | 100-04   | -5/32  | 6.88 6.87  | 6.53   | 11000  |  | .33  | 1.92   | _   | 2.04   |  | 3.23  |
| ich Govů   | 6.000<br>7.500  | 02/26  | 87-15<br>103,3000  | -8/32<br>-0.140  | 7.01 6.86<br>6.98 6.87   | 6.79<br>6.72   | Est. vol. to   | al, Cally 1057   | Pute 1867.   | Provious de  | y's open int.   | Calls 43317  | Puts 5441\$  | •   |
| ing, "New Yor  |   | 0400   | 1000000  |  | fields: Local man  |  | Spain  |  |  |  |   |  |  |   |
|  |   |  | cent psychia i   | by nameskik  |  |  |  | NAL SPAN   | SH BOND  | E 177 E 9  | A FEET  |  |  |   |
| JK in 32nds, c   | others in dec   | trof   |  |  | Source: MMS  | intermeticinal   | - 10110  |  |  |  |   |  | MA   | -   |
| EREST  | BATE  | 8  |  |  |  |  |  | Open   | Sett price   | •  | High  | Low  | Est vol.   | Open in   |
|  | 1117  |  |  | from and D   | - 110-11-  |  | Jun<br>Sep   | 98.95<br>98.34   | 96.58<br>97.99   | -0.41  | 96.97<br>96.34  | 98.48<br>97.82   | 95,905<br>2,573  | 54,395<br>6,910   |
|  | One   | ntouth   | Treestary  | Bills and B  | Yeer   | 6.25   | UK   | 00.00  | 0.20   |  | -   | 0.104  | -,   | 0,010   |
|  | 6¼ Twe  | — (Despite)  |  | - Thre   | 10 YEST  | 6.43   |  | NAL UK GE  | T FUTUR  | ES (LIFFE)   | 950.000 32  | 2nds of 1005   | *  |   |
| ab at  |   | ve monto   |  | 5.22 Five<br>5.41 10-  | A09,   | 6.43<br>6.62<br>6.85<br>7.00   |  |  |  |  |   | Low  | Est. vol   | Once t  |
| intervention   | One   | YOU  |  | 5.76 30  | loer.  | 7.00   | Jun  | Open<br>106-16   | Seft price<br>106-10   | Change<br>-0-06  | High<br>106-16  | 106-09   | 11705  | Open in<br>40262  |
|  |   |  |  |  |  |  | Sep  | 105-13   | 105-08   | -0-06  | 106-17  | 105-09   | 30847  | 96890   |
|  |   |  |  |  |  |  | I LONG   | GET FUTU   | ES OPTH  | ONS (LIFFE   | £50,000 6   | 4ths of 1009   | 16   |   |
|  |   |  |  |  |  |  | Strike   |  | CA   | us   |   |  | PUTS -   |   |
|  |   |  |  |  |  |  | Price  | Jul  | Aug  | -  |   | tur Aug  | Sep  | Dec   |
| FUTUR  | ES AN   | D OP   | TIONS  |  |  |  | 105  | 0-51   | 1-17   |  | -53 0-3   |  | 1-17   | 2-35  |
|  |   |  |  |  |  |  | 106  | 0-22<br>0-07   | 0-53<br>0-31   |  | -27 1-0<br>-06 1-6  |  | 1-51<br>2-26   | 3-09  |
|  |   |  |  |  |  |  |  |  |  |  |   | als 15758 Pu   |  | -   |
| 3  |   |  |  |  |  |  | _  |  |  |  |   |  |  |   |
| MAL FRENC  | H BOND I  | TURE   | S (MATTF) FI   | Fr500,000  |  |  | Ecu  |  |  |  |   |  |  |   |
| Open   | Sett price  |  | _  | Low  | Est. vol.  | Open int.  | ECU B  | OND FUTUE  |  |  |   |  |  |   |
| 123.44   | 123.26  | -0.16<br>-0.16   |  |  |  | 134,957  |  | Open   | Sett price   |  | High  | Low  | Est. vol.  | Open in   |
| 122.00<br>120.7a   | 120.52  | -0.16  |  |  |  | 47,039<br>10,095   | Jun  | 90.92  | 90.82  | -0.10<br>-0.10   | 90.92   | 90.78  | 593  | 4,882   |
| TERM FREM  |   |  |  | ,  | 11-0-0   |  | Sep  | 90.40  | <del>5</del> U.4U  | -0.10  | 90.40   | 90.38  | 190  | 3,838   |
|  | CAL   |  |  |  | ~ PUTS -   |  | US   |  |  |  |   |  |  |   |
| Jed  | A   |  | Sep  | <b>3</b> 111   | Aug  | Sep  |  | EASURY BO  | ND RM  | RIES ICET  | \$100.000 3   | 2nds of 100  | 96   |   |
|  |   | -  | •  | 0.10   | 0.30   | 0.52   |  | Open   | Latest   | Change   | High  | Low  | Est. vol.  | Open in   |
|  | -   | 72   | 1.02   | 0.25<br>0.61   | 0.51<br>0.92   | 0.82   | Jun  | 108-04   | 108-07   | +0-04  | 108-08  | 107-28   | 17.825   | 137,875   |
| 0.41   | , n   |  | -  | -  | -  | -  | Sep  | 107-17   | 107-20   | +0-03  | 107-23  | 107-10   | 211,338  | 266,006   |
| 0.10   | 0.2   |  | 0.31   |  | 84,991 Puts 9  | -<br>5 078   | Dec  | 106–31   | 107-02   | +0-02  | 107-05  | 106–27   | 61   | 8,673   |
| 0.10<br>0.03   | 0   | 12   |  | كالكاب بالالالا  | Owner, Lag 8   | Drd  | faran  |  |  |  |   |  |  |   |
| 0.10<br>0.03   | 0.  | 12   | one quita obe  |  |  |  | Japan  |  | 7EDM .1A   | DANIESE C  | OVT. SOM  | D FUTURES  |  |   |
| 0.10<br>0.03<br>Stat. Camp 6,601   | 0.  | 12   |  |  |  |  | ■ NOTIO  | NAL LONG   |  |  |   |  | 3  |   |
| 0.10<br>0.03<br>tol. Cate 6,601  | ) 0.:<br>3 0.:<br>1 Puts 10.3   | 12<br>03 . Previ   | ous chiy's ope   |  | 100ths of 100  | %  | NOTION<br>(LIFTE)  | VAL LONG<br>Y100m 100  | -  | LUMPAC A   |   | D FUIUNE   | 3  |   |
| 0.10<br>0.03<br>al. Cata 6,601   | ) 0.:<br>3 0.:<br>1 Puts 10.3   | 12<br>09 . Previ   | s (LIFFE)* O   |  |  | %<br>Open Int.   | (LIFTE)  | DIE CONG   | -  | LUMPAC A   | High  | Low  | Est. vol   | Open in   |
| 0.10<br>0.03<br>4. Cama 6,601<br>INY<br>IAL GERMA  | O. O  | 12<br>09 . Previ   | ous day's ope<br>S (LIFFE)* O<br>e High  | M250,000   |  |  | Jun  | Y100m 100<br>Open<br>120.43  | hs of 100  | %  | 120.44  | 1.0w<br>120,35   | 1065   | 0   |
| O.10<br>0.03<br>Care 6,601<br>Cy<br>L. GERMA   | O. O  | 12<br>09 . Previo  | s (LIFFE)* O<br>e High<br>95.69  | M250,000<br>Low  | Est. vol   | Open Int.  | Jun<br>Sep   | Y100m 100<br>Open<br>120.43<br>118.76  | Close  | Change   | 120.44<br>119.35  | 1.0w<br>120,35<br>119,25   | 1065<br>2705   | -   |
| 0.10<br>0.03<br>. Cate 6,601<br>NY<br>AL GERMA<br>Open<br>95,68  | O.1<br>Puts 10.3<br>AN BUND 1<br>Sett page<br>95.51   | 12<br>03 . Previo  | s (LIFFE)* O<br>e High<br>95.69  | M250,000<br>Low<br>95,47   | Est. vol<br>110253   | Open Int.<br>171078  | Jun<br>Sep   | Y100m 100<br>Open<br>120.43<br>118.76  | Close  | Change   | 120.44<br>119.35  | 1.0w<br>120,35   | 1065<br>2705   | 0   |
| 0.10<br>0.03<br>Cate 6,601<br>Ry<br>AL GERIMA<br>Open<br>95,68<br>94,65  | 0.03<br>0.1<br>Puts 10.3<br>AN BUND (<br>Sett price<br>95.51<br>94.61   | 12<br>03 . Previo  | s (LIFFE)* O<br>e High<br>95.69  | M250,000<br>Low<br>95,47   | Est. vol<br>110253   | Open Int.<br>171078  | Jun<br>Sep   | Y100m 100<br>Open<br>120.43<br>118.76  | Close  | Change   | 120.44<br>119.35  | 1.0w<br>120,35<br>119,25   | 1065<br>2705   | 0   |
| 0.10<br>0.03<br>4. Case 6,601<br>IRV<br>IAL GERIMA<br>Open<br>95,68<br>94,65   | 0.03<br>0.1<br>Puts 10.3<br>AN BUND (<br>Sett price<br>95.51<br>94.61   | 12<br>03 . Previo  | s (LIFFE)* O<br>e High<br>95.69  | M250,000<br>Low<br>95,47   | Est. vol<br>110253   | Open Int.<br>171078  | Jun<br>Sep   | Y100m 100<br>Open<br>120.43<br>118.76  | Close  | Change   | 120.44<br>119.35  | 1.0w<br>120,35<br>119,25   | 1065<br>2705   | 0   |
| 0.10<br>0.03<br>ml, Cam 6,601<br>MRY<br>NAL GERMA<br>Open<br>95,68<br>94,85  | Puts 10.3  AN BUIND 1  Sett price 95.51 94.61   | 12<br>03 . Previo  | s (LIFFE)* 0  High 95.69 94.72   | M250,000<br>Low<br>95.47<br>94.62  | Est. vol<br>110253<br>196  | Open Int.<br>171078<br>900   | Jun<br>Sep<br>* LIFFE futu   | Y100m 100<br>Open<br>120.43<br>118.78<br>res also trada  | Close d on APT.  | Change   | 120.44<br>119.35  | 1.0w<br>120,35<br>119,25   | 1065<br>2705   | 0   |
| 0.10<br>0.03<br>but, Cate 6,801<br>http://www.miss.com/<br>0pen<br>95,68<br>94,85  | Puts 10.3<br>AN BUIND<br>Sett pnce<br>95.51<br>94.61  | 12<br>03 . Previo  | s (LIFFE)* 0  High 95.69 94.72   | M250,000<br>Low<br>95.47<br>94.62  | Est. vol<br>110253<br>196  | Open Int.<br>171078<br>900   | Jun<br>Sep   | Y100m 100<br>Open<br>120.43<br>118.78<br>res also trada  | Close d on APT.  | Change   | 120.44<br>119.35<br>pat figs. are   | 120.35<br>119.25<br>for previous d   | 1065<br>2705   | 0<br>0  |
| O. 10 D. 03 D. 04 D. 05  | O.3<br>O.1<br>Puts 10.3<br>ANI BUIND I<br>Sett pnce<br>95.51<br>94.61<br>RICES  | 12<br>03 . Previo  | S (LIFFE)* O High 95.69 94.72  | 95.47<br>94.82   | Est. vol<br>110253<br>196  | Open Int.<br>171078<br>900   | Jun<br>Sep<br>* LIFFE futu   | Y100m 100<br>Open<br>120.43<br>118.78<br>res also trada  | Close  d on APT. /   | Change Change III Open Inte  | 120.44<br>119.35<br>rest figs. are<br>Notes (1  | 120.35<br>119.25<br>for previous d   | 1065<br>2705<br>day.   | O<br>C<br>S2 med<br>High L  |
| O. 10 D. Calle G. GOT D. Calle | O.3   | PUTURUS Chang -0.20 -0.16  | S (LIFFE)* O  High  95.69  94.72   | 95.47<br>94.82<br>Week   | Est. vol<br>110253<br>196  | Open Int.<br>171078<br>900   | Jun<br>Sep<br>* LEFFE hau<br>field<br>Rad Price S +<br>8.05 98-Jun<br>8.09 97-13.  | Y100m 100 Open 120.43 118.76 res also trade  | Close  Close  d on APT. /  | Change Change Listert  | 120,44<br>119,35<br>part figs. and<br>Notes (1  | 120.35<br>119.25<br>10 previous d  | 1065<br>2705<br>day.   | 0<br>0<br>52 mai<br>18gb L  |
| O. 10 O. 03  | 0.3 0.3 0.3 0.3 0.3 0.3 0.3 0.3 0.3 0.3   | 12 03 . Previous FUTURES Chang -0.20 -0.16   | S (LIFFE)* 0  S (LIFFE)* 0  H 1569  95.69  94.72  + ar - High  - 104, -  | M250,000 Low 95.47 94.62 Meak Low Tree 210.4 Tree 1014 Tree  | Est. vol<br>110253<br>196<br>196<br>17128: 200811<br>187128: 200811  | Open Int.<br>171078<br>900<br>lobs let<br>7.80<br>7.94<br>8.03   | Jun<br>Sep<br>LIFFE hab<br>Rad Price 5 -<br>8.05 96-3at<br>8.07 99-1<br>8.07 99-1  | Y100m 100 Open 120.43 118.76 res also fracis   | Close  Close  d on APT. /  Low  943 bath 943 21 953 21   | Change   120,44<br>119,35<br>var figs. are<br>Notes (1<br>(135,9 1,4<br>(72,9 3,1<br>(78,9 3,3   | 120.35<br>119.25<br>10 previous d  | 1065<br>2705<br>day.   | 0<br>0<br>52 mai<br>18gb L  |
| O. 10<br>D. G3<br>D. G3<br>D. G3<br>D. GERMA<br>Open<br>95.68<br>94.65<br>GLLCS P.E.<br>Roles<br>Notes up to Flow Ye<br>10pc 1996 — pc 1997;   | 0.3<br>Puts 10.3<br>AM BUND (<br>Set: pnce<br>95.51<br>94.61<br>Reference<br>0.31<br>0.31<br>0.31<br>0.31<br>0.31<br>0.31<br>0.31<br>0.31   | 12 03 . Previous FUTURES Chang -0.20 -0.16   | S (LIFFE) 0  S (LIFFE) 0  High  High  104,3  104,3  109,3  | 95.47<br>94.82<br>Low Tree<br>210.4 Tree<br>1013 Tree<br>103.5 Tree  | Est. vol<br>110253<br>196<br>196<br>197-pc 200811<br>197-pc 200811<br>197-pc 200811<br>197-pc 200811<br>197-pc 200811<br>197-pc 200811   | Open Int.<br>171078<br>900<br>900<br>John Set<br>7.94<br>8.03<br>9.84  | Jun<br>Sep<br>* Leffe hau<br>field<br>Rad Price 5 +<br>8.05 98-3,at<br>8.08 97-13<br>8.07 99-5,<br>7.82 11945  | Y100m 100 Open 120.43 118.76 res elso trada  | Close  Close  d on APT. /  col.  Low  943: 445 21 553: 21 117.6 43   | Change   120,44<br>119,35<br>set figs. are<br>Hotes (1<br>(135.6) 1,4<br>(78.9) 3,3<br>(78.9) 3,4  | 120,35<br>119,25<br>tor previous of<br>11 (2) Price<br>46 2.89<br>18 3.70 17<br>36 3.75 17   | 1065<br>2705<br>287.   | 0<br>0<br>52 mai<br>18gb L  |
| 0.10 0.03 0.001, Cate 6,801 0.03 0.041, GERMA Open 95.68 94.65 FILE S PE #6les #6les 1001:1911 1001:1936 1937 1001:1937  | 0.3<br>Puss 10.3<br>AN BUND 1<br>Sett pnce<br>95.51<br>94.81<br>3(CES<br>12.93 5.9<br>12.93 5.9<br>12.94 6.9<br>12.94 6.9<br>13.19 6.0<br>6.94 6.2  | 12 03 . Previous Change -0.20 -0.16 10011 2 1034 1 1021 1 1021 1 1021  | 3 (LIFFE) 0  3 (LIFFE) 0  4 High  55.69  94.72  +4 1044  | M250,000 Low 95,47 94,62 Lbw Tree 210,5 Tree 104,5 Tree 104,5 Tree 96(1 Tree)  | Esc. vol<br>110253<br>196<br>196<br>171-90: 200841-<br>18 71-90: 2002-641-<br>18 8pc: 2002-641-<br>18 11-1-10: 2003-1  | Open Int.<br>171078<br>900<br>lotes at<br>7.80<br>7.94<br>8.05<br>9.54   | Jun<br>Sep<br>* LEFFE hab<br>Rad Price 5 -<br>8.05 98-34<br>8.07 99-1<br>8.07 99-1<br>7.22 119-1<br>3.12 102-1   | Y100m 100 Open 120.43 118.76 res also tracis  -ig 100% -i   | Close  Close  d on APT. /  100  9431 tuste 9432 1756 44  8591 291  11756 44  11756 42  11756 42  11756 42  | Charge Charge II Open Inter Ch | 120,44<br>119,35<br>art figs. are<br>Notes (1<br>(135.6) 1,4<br>(73.5) 3,4<br>(73.6) 3,4<br>(73.6) 3,5<br>(73.6) 3,5  | 120,35<br>119,25<br>tor previous of<br>11 (2) Price<br>46 2.89<br>18 3.70 17<br>36 3.75 17   | 1065<br>2705<br>287.   | 0<br>0<br>52 mai<br>18gb L  |
| O. 10 O. 03 Octol, Cone 6,601 Open Open 95.68 94.65 GLTS PE  Notes Notes 1971 1977 1977  | 0.3 0.3 0.3 0.3 0.3 0.3 0.3 0.3 0.3 0.3   | 12 03 . Previous 12 03  | S (LIFFE) 0  S (LIFFE) 0  High  94.72  104.2  104.2  104.3  104.3  104.3   | 95.47<br>94.82<br>10% Tree<br>210% Tree<br>210% Tree<br>1013 Tree<br>1013 Tree<br>1013 Tree<br>1013 Tree   | Est. vol<br>110253<br>196<br>196<br>197-pc 200811<br>197-pc 200811<br>197-pc 2002-61<br>197-pc 2003-7<br>198-pc 2007-1<br>198-pc 2007-1<br>198-pc 2004-1<br>198-pc 2008-1  | Open Int.<br>171078<br>900<br>Interes at<br>7.80<br>7.94<br>8.03<br>9.84<br>8.27<br>9.84<br>8.27<br>5.45<br>5.45   | Jun<br>Sep<br>* Leffe hau<br>field<br>Rad Price 5 +<br>8.05 98-3,at<br>8.08 97-13<br>8.07 99-5,<br>7.82 11945  | Y100m 100 Open 120.43 118.76 res elso trada  | Close  Close  d on APT. /  Low  943: baths 943: 21 1174: 44 995: 25 1175: 21 1175: 21 1291: 22 1291: 22 1291: 23   | Change   120.44<br>119.35<br>net figs. are<br>101.<br>(135.6) 1.<br>(78.8) 3.1<br>(78.8) 3.4<br>(88.9) 3.5<br>(78.9) 3.5<br>(78.9) 3.5<br>(78.9) 3.5   | 120,35<br>119,25<br>tor previous of<br>11 (2) Price<br>46 2.89<br>18 3.70 17<br>36 3.75 17   | 1065<br>2705<br>287.   | 0<br>0<br>0<br>113点 11<br>189点 1<br>175点 18<br>11854 17<br>1874 15  |
| 0.70 0.03 0.00 0.03 0.00 0.03 0.00 0.03 0.00 0 | 0.3 0.3 0.3 0.3 0.3 0.3 0.3 0.3 0.3 0.3   | 12 03 . Previous 12 03  | S (LIFFE) O  S (LIFFE) O  High  104.72  104.5  104.5  104.5  104.5  107.6  107.6   | M250,000  Low 95,47 94.62  210,4 Tres 1014 Tres 1014 Tres 1014 Tres 1015 Tres 1016 Tre | Est. vol<br>110253<br>196<br>196<br>197 200511<br>197 200511<br>198 2002-611<br>198 2002-611<br>198 2002-611<br>198 2002-611<br>198 2002-611<br>198 2002-611<br>198 2002-611<br>198 2008-1   | Open Int. 177078 900  171078 900  181  7.80  7.94  8.03  8.04  8.27  1028  8.12  | Jun<br>Sep<br>* LEFFE habs<br>* LEFFE habs<br>8.05 98-2,14<br>8.07 99-5,<br>7.92 19-5,<br>7.92 13-15<br>8.15 108-2,<br>8.15 108-2,<br>8.16 98-2,   | Y100m 100  Open 120.43 118.78  | Close of 100 Close of on APT. /  | Change   120,44<br>119,35<br>wat figs. are<br>93<br>(1359) 1,4<br>(723) 31<br>(735) 35<br>(735)  | 120.35<br>119.25<br>for previous of<br>11 (2) Price<br>11 (2) Price<br>46 2.89<br>13 3.70 17<br>36 3.70 17<br>36 3.70 17<br>36 3.71 18<br>56 3.81 16<br>67 3.82 16<br>67 3.84 18   | 1065<br>2705<br>day.   | 0<br>0<br>0<br>113点 11<br>189点 1<br>175点 18<br>11854 17<br>1874 15  |
| 0.10 0.03 0.044, Case 6,801 0.03 0.044, Case 6,801 0.044, Case 6,8 | 0.3   | Provided States of the states  | S (LIFFE) 0  High  95.69  94.72  104.2  1018  1018  1188  1188  1188  1188  1188  1188  1188  1188  1188  1188  1188  1188   | M250,000  Low 95,47 94,82  210,2 Tree 210,2 Tree 1013 Tree 1013 Tree 1013 Tree 1013 Tree 1013 Tree 1013 Tree   | Est. vol<br>110253<br>196<br>196<br>197-pc 200811<br>197-pc 200811<br>197-pc 2002-61<br>197-pc 2003-7<br>198-pc 2007-1<br>198-pc 2007-1<br>198-pc 2004-1<br>198-pc 2008-1  | Open Int. 177078 900  171078 900  181  7.80  7.94  8.03  8.04  8.27  1028  8.12  | Sep<br>*L6FFE hau<br>Rad Price 5 -<br>8.05 98-just<br>8.07 995-<br>8.07 995-<br>7.82 119-<br>3.12 102-<br>3.7.99 137-<br>15 106-<br>15 15 106-   | Y100m 100  Open 120.43 118.76  | Close  Close  d on APT. /  Low  942 butter  951 21  1754 44  1892 20  1294 22  1092 23  1092 23  800 23  | Change   120.44<br>119.35<br>wit figs. are<br>01<br>(135.6) 1.4<br>(73.6) 1.4<br>(73.6) 3.4<br>(73.6) 3.4<br>(73.6) 3.4<br>(73.6) 3.4<br>(73.6) 3.4<br>(73.6) 3.5<br>(73.6) 3.5<br>(   | 120.35<br>119.25<br>tor previous of<br>(2) Price<br>46 2.89<br>18 3.70 17<br>31 3.77 11<br>50 3.73 18<br>61 3.22 16<br>61 3.24 13<br>68 3.06 14  | 1065<br>2705<br>step.  | 52 mar.<br>1134 11<br>1165 11<br>1165 11<br>1165 11<br>1167 11<br>1173 11<br>1174 11<br>1174 11<br>1174 11<br>1174 14   |
| 0.10 0.03 0.041, Case 6,801 0.03 0.041, Case 6,801 0.041 0.0 | 0.3 0.3 0.3 0.3 0.3 0.3 0.3 0.3 0.3 0.3   | PUTURUS Chang -0.20 -0.16 Price C 7 2188 7 1013 8 1119 8 1119 1 1023 8 1119 1 1023 1 1034 1 1003 1 1003 1 1003 1 1103 1 1103 1 1013 1 1013 1 1013 1 1013 1 1013 1 1013 1 1013 1 1013 1 1013 1 1013 1 1013 1 1013 1 1013 1 1013   | S (LIFFE) O  S (LIFFE) O  High  104.72  104.72  104.72  104.74  104.74  104.74  104.74  104.74  104.74  104.74  104.74  104.74  104.74  104.74  104.74   | M250,000  Low 95.47 94.82  104.3 Tree 210.4 Tree 104.3 Tree 104.3 Tree 104.3 Tree 104.3 Tree 104.3 Tree 98.1 Tree 111.5 Tree 98.1 Tree   | Est. vol<br>110253<br>196<br>196<br>197 200511<br>197 200511<br>198 2002-611<br>198 2002-611<br>198 2002-611<br>198 2002-611<br>198 2002-611<br>198 2002-611<br>198 2002-611<br>198 2008-1   | Open Int. 177078 900  171078 900  181  7.80  7.94  8.03  8.04  8.27  1028  8.12  | Jun<br>Sep<br>* LEFFE habs<br>* LEFFE habs<br>8.05 98-2,14<br>8.07 99-5<br>7.92 19-5<br>3.12 102-32<br>7.99 13115<br>8.15 108-3<br>8.18 98-2   | Y100m 100  Open 120.43 118.78  | Close of 100 Close of on APT. / / Close of on APT. / / / Close of on APT. / / / Close of on APT. / / / / / / / / / / / / / / / / / / /   | Change   120.44<br>119.35<br>wit figs. are<br>103.69<br>14.76.39<br>12.76.89<br>14.76.93<br>14.76.93<br>14.76.93<br>14.76.93<br>14.76.93<br>14.76.93<br>14.76.93<br>14.76.93<br>14.76.93<br>14.76.93<br>14.76.93<br>14.76.93<br>14.76.93<br>14.76.93<br>14.76.93<br>14.76.93<br>14.76.93<br>14.76.93<br>14.76.93<br>14.76.93<br>14.76.93<br>14.76.93<br>14.76.93<br>14.76.93<br>14.76.93<br>14.76.93<br>14.76.93<br>14.76.93<br>14.76.93<br>14.76.93<br>14.76.93<br>14.76.93<br>14.76.93<br>14.76.93<br>14.76.93<br>14.76.93<br>14.76.93<br>14.76.93<br>14.76.93<br>14.76.93<br>14.76.93<br>14.76.93<br>14.76.93<br>14.76.93<br>14.76.93<br>14.76.93<br>14.76.93<br>14.76.93<br>14.76.93<br>14.76.93<br>14.76.93<br>14.76.93<br>14.76.93<br>14.76.93<br>14.76.93<br>14.76.93<br>14.76.93<br>14.76.93<br>14.76.93<br>14.76.93<br>14.76.93<br>14.76.93<br>14.76.93<br>14.76.93<br>14.76.93<br>14.76.93<br>14.76.93<br>14.76.93<br>14.76.93<br>14.76.93<br>14.76.93<br>14.76.93<br>14.76.93<br>14.76.93<br>14.76.93<br>14.76.93<br>14.76.93<br>14.76.93<br>14.76.93<br>14.76.93<br>14.76.93<br>14.76.93<br>14.76.93<br>14.76.93<br>14.76.93<br>14.76.93<br>14.76.93<br>14.76.93<br>14.76.93<br>14.76.93<br>14.76.93<br>14.76.93<br>14.76.93<br>14.76.93<br>14.76.93<br>14.76.93<br>14.76.93<br>14.76.93<br>14.76.93<br>14.76.93<br>14.76.93<br>14.76.93<br>14.76.93<br>14.76.93<br>14.76.93<br>14.76.93<br>14.76.93<br>14.76.93<br>14.76.93<br>14.76.93<br>14.76.93<br>14.76.93<br>14.76.93<br>14.76.93<br>14.76.93<br>14.76.93<br>14.76.93<br>14.76.93<br>14.76.93<br>14.76.93<br>14.76.93<br>14.76.93<br>14.76.93<br>14.76.93<br>14.76.93<br>14.76.93<br>14.76.93<br>14.76.93<br>14.76.93<br>14.76.93<br>14.76.93<br>14.76.93<br>14.76.93<br>14.76.93<br>14.76.93<br>14.76.93<br>14.76.93<br>14.76.93<br>14.76.93<br>14.76.93<br>14.76.93<br>14.76.93<br>14.76.93<br>14.76.93<br>14.76.93<br>14.76.93<br>14.76.93<br>14.76.93<br>14.76.93<br>14.76.93<br>14.76.93<br>14.76.93<br>14.76.93<br>14.76.93<br>14.76.93<br>14.76.93<br>14.76.93<br>14.76.93<br>14.76.93<br>14.76.93<br>14.76.93<br>14.76.93<br>14.76.93<br>14.76.93<br>14.76.93<br>14.76.93<br>14.76.93<br>14.76.93<br>14.76.93<br>14.76.93<br>14.76.93<br>14.76.93<br>14.76.93<br>14.76.93<br>14.76.93<br>14.76.93<br>14.76.93<br>14.76.93<br>14.76.93<br>14.76.93<br>14.76.93<br>14.76.93<br>14.76.93<br>14.76.93<br>14.76.93<br>14.76.93<br>14.76.93<br>14.76.93<br>14.76.93<br>14.76.93<br>14.76.93<br>14.76.93<br>14.76.93<br>14.76.93<br>14.76.93<br>14.76.93<br>14.76.93<br>14.76.93<br>14.76.93<br>14.76.93<br>14.76.93<br>14.76.93<br>14.76.93<br>14.76.93<br>14.76.93<br>14.76.93<br>14.76.93<br>14.76.93<br>14.76.93<br>14.76.93<br>14.76.93<br>14.76.93<br>14.76.93<br>14.76.93<br>14.76.93<br>14.76.93<br>14.76.93<br>14.76.93<br>14.76.93<br>14.76.93<br>14.76.93<br>14.7 | 120,35<br>119,25<br>tor previous of<br>11 (2) Pital<br>46 2.89<br>18 3.75 17<br>36 3.75 17<br>50 3.78 18<br>50 3.81 18<br>51 3 | 1065<br>2705<br>tep.   | 0<br>0<br>1135, 11<br>1135, 11<br>1165, 17<br>11674, 13<br>1732, 16<br>143, 13<br>1224, 14<br>145, 13   |
| 0.10 0.03 0.03 0.03 0.03 0.03 0.03 0.03  | 0.3 0.3 0.3 0.3 0.3 0.3 0.3 0.3 0.3 0.3   | 12 03 . Previous 12 03  | S (LIFFE) O  S (LIFFE) O  High  S (1912)  1003  1003  1103  1103  1103  1103  1103  1103  1103  1103  1103  1103  1103  1103  1103  1103  1103   | M250,000 Low 95,47 94,82 Mark Low Tree 210,5 Tree 101,5 Tree 111,5 Tree   | Est. vol<br>110253<br>196<br>196<br>197 200511<br>197 200511<br>198 2002-611<br>198 2002-611<br>198 2002-611<br>198 2002-611<br>198 2002-611<br>198 2002-611<br>198 2002-611<br>198 2008-1   | Open Int. 177078 900  171078 900  181  7.80  7.94  8.03  8.04  8.27  1028  8.12  | Jun<br>Sep<br>* LEFFE habs<br>* LEFFE habs<br>8.05 98-2,14<br>8.07 99-5<br>7.92 19-5<br>3.12 102-32<br>7.99 13115<br>8.15 108-3<br>8.18 98-2   | Y100m 100  Open 120.43 118.78  | Cices  Cices  d on APT. / /  10v  943 better  943 2  117.6  39.3  20  117.6  20  117.6  20  20  20  40  20  20  20  40  Proces   | Change   120.44 119.35 wat figs. are  Notes (1) (135.6) 1.4 (73.6) 3.4 (73.6) 3.4 (73.6) 3.4 (73.6) 3.6 (73.  | 120.35<br>119.25<br>tor previous of<br>(2) Price<br>46 2.89<br>18 3.70 17<br>36 3.75 17<br>36 3.75 17<br>36 3.81 16<br>61 3.22 16<br>61 3.24 13<br>70 3.84 11<br>70 3.84 11  | 1065<br>2705<br>tep.<br>1E + er -<br>113 + 2 + 2 + 4 + 4 + 4 + 4 + 4 + 4 + 4 + 4   | 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0   |
| 0.70 0.03 0.00 0.03 0.00 0.03 0.00 0.00  | 0.3<br>Pus 10.3<br>AM BUND 1<br>Sett pnce 95.51<br>94.81<br>3(CES)<br>12.9 5.9<br>12.9 5.9<br>12.9 5.9<br>12.9 5.9<br>12.9 5.9<br>12.9 6.9<br>13.6 8.2<br>13.6 8.2<br>13.6 8.2<br>13.6 8.2<br>13.6 8.2<br>13.6 8.2<br>13.6 8.2<br>13.6 8.2<br>13.6 8.2<br>13.9 6.6 8.2<br>13.0 8.2<br>1 | 12 03 - Previous Change - 0.20 - 0.16    Price C - 1011   7 2188   7 1011   8 1041   1 1027   | 3 (LIFFE) 0  5 (LIFFE) 0  7 (LI | M250,000  Low 95,47 94,82  Media — Low 10111 Tres 10413 Tres 1043 Tres 1043 Tres 1043 Tres 1043 Tres 1043 Tres 1119 Tres   | Est. vol<br>110253<br>196<br>196<br>1971gc 200811<br>1971gc 200811<br>1971gc 2002-611<br>1971gc 2002-611<br>1971gc 2003-7<br>1971gc 20041<br>1971gc 20091<br>1971gc 20091<br>1971gc 20091  | Open Int. 177078 900  171078 900  181  7.80  7.94  8.03  8.04  8.27  1028  8.12  | Jun<br>Sep<br>* LEFFE habs<br>* LEFFE habs<br>8.05 98-2,14<br>8.07 99-5<br>7.92 19-5<br>3.12 102-32<br>7.99 13115<br>8.15 108-3<br>8.18 98-2   | Y100m 100  Open 120.43 118.78  | Close of 100 Close of on APT. / / Close of on APT. / Close of on AP | Charge   120.44<br>119.35<br>wat figs. are<br>93<br>(135.9 14<br>- (74.9 3.1<br>-  | 120,35 119,25 tor previous of 11   | 1065<br>2705<br>tey.<br>113 +1 +2 +4 +4 +4 +4 +4 +4 +4 +4 +4 +4 +4 +4 +4   | 0 0 0 1136 11 1205 11 1226 11   |
| 0.10 0.03 0.03 0.03 0.03 0.03 0.03 0.03  | O. O  | 12 03 . Previous Provinces Change -0.20 -0.16 100% 1 100%  | S (LIFFE) O  S (LIFFE) O  S (LIFFE) O  S (LIFFE) O  H  S (LIFFE) O  S  | M250,000  Low 95,47 94,62  95,47 104,3 Tree 116,3 Tree  | Est. vol<br>110253<br>196<br>196<br>196<br>196<br>196<br>196<br>196<br>196<br>196<br>196   | Open int. 177078 900  7.90  8.03  9.94  8.27  1026  8.12  7.50   | Jun<br>Sep<br>*LEFFE habs<br>Rad Price S-<br>8.05 98-3 at<br>8.07 99%<br>7.92 1923<br>7.99 13115<br>8.15 106-13<br>8.18 98-2<br>6.26 83-2  | Y100m 100  Open 120.43 118.78 120.43 118.78 120.43 118.85 118.95 119.95  | Close  Close  d on APT. / /  943; base 943; 2; 1173; 44 995; 27 1239; 2; 12 | Change   120.44 119.35 wat figs. are  103.69 14.78.33 1.78.93 1  | 120,35 119,25 tor previous of 289 18 3,70 17 36 3,75 17 36 3,75 18 3,81 18 3,85 18 18 18 18 3,86 18 18 18 18 3,86 18 18 18 3,86 18 18 18 3,86 18 18 18 3,86 18 18 18 3,86 18 18 18 3,86 18 18 18 3,86 18 18 18 3,86 18 18 18 3,86 18 18 18 3,86 18 18 18 3,86 18 1   | 1065<br>2705<br>jey.<br>1E + 0r-<br>113 +-2<br>183 +-2<br>144 +-2<br>144 +-2<br>1442<br>1542<br>1542<br>1542<br>1552<br>1562<br>1572<br>1582<br>1582<br>1582<br>1582<br>1582<br>1582<br>1582<br>1582<br>1582<br>1582<br>1582<br>1582<br>1582<br>1582<br>1582<br>1582<br>1582<br>1582<br>1582<br>1582<br>1582<br>1582<br>1582<br>1582<br>1582<br>1582<br>1582<br>1582<br>1582<br>1582<br>1582<br>1582<br>1582<br>1582<br>1582<br>1582<br>1582<br>1582<br>1582<br>1582<br>1582<br>1582<br>1582<br>1582<br>1582<br>1582<br>1582<br>1582<br>1582<br>1582<br>1582<br>1582<br>1582<br>1582<br>1582<br>1582<br>1582<br>1582<br>1582<br>1582<br>1582<br>1582<br>1582<br>1582<br>1582<br>1582<br>1582<br>1582<br>1582<br>1582<br>1582<br>1582<br>1582<br>1582<br>1582<br>1582<br>1582<br>1582<br>1582<br>1582<br>1582<br>1582<br>1582<br>1582<br>1582<br>1582<br>1582<br>1582<br>1582<br>1582<br>1582<br>1582<br>1582<br>1582<br>1582<br>1582<br>1582<br>1582<br>1582<br>1582<br>1582<br>1582<br>1582<br>1582<br>1582<br>1582<br>1582<br>1582<br>1582<br>1582<br>1582<br>1582<br>1582<br>1582<br>1582<br>1582<br>1582<br>1582<br>1582<br>1582<br>1582<br>1582<br>1582<br>1582<br>1582<br>1582<br>1582<br>1582<br>1582<br>1582<br>1582<br>1582<br>1582<br>1582<br>1582<br>1582<br>1582<br>1582<br>1582<br>1582<br>1582<br>1582<br>1582<br>1582<br>1582<br>1582<br>1582<br>1582<br>1582<br>1582<br>1582<br>1582<br>1582<br>1582<br>1582<br>1582<br>1582<br>1582<br>1582<br>1582<br>1582<br>1582<br>1582<br>1582<br>1582<br>1582<br>1582<br>1582<br>1582<br>1582<br>1582<br>1582<br>1582<br>1582<br>1582<br>1582<br>1582<br>1582<br>1582<br>1582<br>1582<br>1582<br>1582<br>1582<br>1582<br>1582<br>1582<br>1582<br>1582<br>1582<br>1582<br>1582<br>1582<br>1582<br>1582<br>1582<br>1582<br>1582<br>1582<br>1582<br>1582<br>1582<br>1582<br>1582<br>1582<br>1582<br>1582<br>1582<br>1582<br>1582<br>1582<br>1582<br>1582<br>158  | 52 was 113,6 11 169,5 178,5 11 169,5 17 178,5 11 178,5 11 122,5 11  |
| 0.10 0.03 0.00 0.00 0.00 0.00 0.00 0.00  | O.3   | 12   | S (LIFFE) O  S (LIFFE) O  High S5.69 94.72  1043 1043 1043 1043 1043 1043 1043 104   | M250,000  Low 95,47 94,82  210,2 Tree 10143 Tree   | Est. vol<br>110253<br>196<br>196<br>196<br>196<br>196<br>196<br>196<br>196<br>196<br>196   | Open Int. 171078 900  Int. 171078 900  7.80 7.94 8.02 9.84 8.02 7.50 8.12 7.50   | Jun Sep *LEFFE habs Red Price S - 8.05 98-3-44 8.07 999-4 7.92 11945 7.92 13145 8.15 108-3 8.18 98-3 8.18 98-3 8.18 98-3 8.19 88-3 8.19 88-3 8.10 88-3 8.10 88-3 8.10 88-3 8.10 88-3 8.10 88-3 8.10 88-3 8.10 88-3 8.10 88-3   | Y100m 100  Open 120.43 118.76  For also include  | Cices  d on APT. / /  Low  943 bate 3953 22 1175 22 1175 22 1175 22 1175 22 1032 23 1031 1031 1032 11031 1033 factorial  | Change   120.44 119.35 wat figs. are  103.69 14.78.33 1.78.93 1  | 120.35<br>119.25<br>tor previous of<br>(2) Price<br>46 2.89<br>18 3.70 17<br>36 3.75 17<br>36 3.75 17<br>36 3.81 16<br>61 3.22 16<br>61 3.24 13<br>70 3.84 11<br>70 3.84 11  | 1065<br>2705<br>jey.<br>1E + 0r-<br>113 +-2<br>183 +-2<br>144 +-2<br>144 +-2<br>1442<br>1542<br>1542<br>1542<br>1552<br>1562<br>1572<br>1582<br>1582<br>1582<br>1582<br>1582<br>1582<br>1582<br>1582<br>1582<br>1582<br>1582<br>1582<br>1582<br>1582<br>1582<br>1582<br>1582<br>1582<br>1582<br>1582<br>1582<br>1582<br>1582<br>1582<br>1582<br>1582<br>1582<br>1582<br>1582<br>1582<br>1582<br>1582<br>1582<br>1582<br>1582<br>1582<br>1582<br>1582<br>1582<br>1582<br>1582<br>1582<br>1582<br>1582<br>1582<br>1582<br>1582<br>1582<br>1582<br>1582<br>1582<br>1582<br>1582<br>1582<br>1582<br>1582<br>1582<br>1582<br>1582<br>1582<br>1582<br>1582<br>1582<br>1582<br>1582<br>1582<br>1582<br>1582<br>1582<br>1582<br>1582<br>1582<br>1582<br>1582<br>1582<br>1582<br>1582<br>1582<br>1582<br>1582<br>1582<br>1582<br>1582<br>1582<br>1582<br>1582<br>1582<br>1582<br>1582<br>1582<br>1582<br>1582<br>1582<br>1582<br>1582<br>1582<br>1582<br>1582<br>1582<br>1582<br>1582<br>1582<br>1582<br>1582<br>1582<br>1582<br>1582<br>1582<br>1582<br>1582<br>1582<br>1582<br>1582<br>1582<br>1582<br>1582<br>1582<br>1582<br>1582<br>1582<br>1582<br>1582<br>1582<br>1582<br>1582<br>1582<br>1582<br>1582<br>1582<br>1582<br>1582<br>1582<br>1582<br>1582<br>1582<br>1582<br>1582<br>1582<br>1582<br>1582<br>1582<br>1582<br>1582<br>1582<br>1582<br>1582<br>1582<br>1582<br>1582<br>1582<br>1582<br>1582<br>1582<br>1582<br>1582<br>1582<br>1582<br>1582<br>1582<br>1582<br>1582<br>1582<br>1582<br>1582<br>1582<br>1582<br>1582<br>1582<br>1582<br>1582<br>1582<br>1582<br>1582<br>1582<br>1582<br>1582<br>1582<br>1582<br>1582<br>1582<br>1582<br>1582<br>1582<br>1582<br>1582<br>1582<br>1582<br>1582<br>1582<br>1582<br>1582<br>1582<br>1582<br>1582<br>1582<br>1582<br>1582<br>1582<br>1582<br>1582<br>1582<br>1582<br>1582<br>1582<br>1582<br>1582<br>1582<br>1582<br>1582<br>1582<br>1582<br>1582<br>1582<br>158  | 52 was 113,6 11 169,5 178,5 11 169,5 17 178,5 11 178,5 11 122,5 11  |
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| 0.10 0.03 at, Case 6,601 MRY NAL GERMA Open 95,68 94,65  (LTS PF  #### #### #### #### #### #### ####   | O. O  | 12 03 Previous Provided Provid | 3 (LIFFE) On St. 19 (LIFFE) ON | M250,000  Low 95.47 94.82  210.4 Tree 1043 Tree 1183 Tree 1183 Tree 1184 Tree 1184 Tree  | Est. vol 110253 196 196 196 196 196 196 196 196 196 196  | Open Int. 177078 900  177078 900  7.80 7.94 8.027  | Sep   Sep  | Y100m 100  Open 120.43 118.76  as a loss include  -ig 1034 -ig 10  | ### Company  | Change   120.44 119.35 wat figs. are  100.47 119.35 100.47 119.35 1  | 1.0 w 120,35 119,25 tor previous of 120,35 179 18 3.70 17 11 3.73 18 3.75 17 13 56 3.61 16 67 3.84 170   | 1065<br>2705<br>jey.<br>1E + 0r-<br>113 +-2<br>183 +-2<br>144 +-2<br>144 +-2<br>1442<br>1542<br>1542<br>1542<br>1552<br>1562<br>1572<br>1582<br>1582<br>1582<br>1582<br>1582<br>1582<br>1582<br>1582<br>1582<br>1582<br>1582<br>1582<br>1582<br>1582<br>1582<br>1582<br>1582<br>1582<br>1582<br>1582<br>1582<br>1582<br>1582<br>1582<br>1582<br>1582<br>1582<br>1582<br>1582<br>1582<br>1582<br>1582<br>1582<br>1582<br>1582<br>1582<br>1582<br>1582<br>1582<br>1582<br>1582<br>1582<br>1582<br>1582<br>1582<br>1582<br>1582<br>1582<br>1582<br>1582<br>1582<br>1582<br>1582<br>1582<br>1582<br>1582<br>1582<br>1582<br>1582<br>1582<br>1582<br>1582<br>1582<br>1582<br>1582<br>1582<br>1582<br>1582<br>1582<br>1582<br>1582<br>1582<br>1582<br>1582<br>1582<br>1582<br>1582<br>1582<br>1582<br>1582<br>1582<br>1582<br>1582<br>1582<br>1582<br>1582<br>1582<br>1582<br>1582<br>1582<br>1582<br>1582<br>1582<br>1582<br>1582<br>1582<br>1582<br>1582<br>1582<br>1582<br>1582<br>1582<br>1582<br>1582<br>1582<br>1582<br>1582<br>1582<br>1582<br>1582<br>1582<br>1582<br>1582<br>1582<br>1582<br>1582<br>1582<br>1582<br>1582<br>1582<br>1582<br>1582<br>1582<br>1582<br>1582<br>1582<br>1582<br>1582<br>1582<br>1582<br>1582<br>1582<br>1582<br>1582<br>1582<br>1582<br>1582<br>1582<br>1582<br>1582<br>1582<br>1582<br>1582<br>1582<br>1582<br>1582<br>1582<br>1582<br>1582<br>1582<br>1582<br>1582<br>1582<br>1582<br>1582<br>1582<br>1582<br>1582<br>1582<br>1582<br>1582<br>1582<br>1582<br>1582<br>1582<br>1582<br>1582<br>1582<br>1582<br>1582<br>1582<br>1582<br>1582<br>1582<br>1582<br>1582<br>1582<br>1582<br>1582<br>1582<br>1582<br>1582<br>1582<br>1582<br>1582<br>1582<br>1582<br>1582<br>1582<br>1582<br>1582<br>1582<br>1582<br>1582<br>1582<br>1582<br>1582<br>1582<br>1582<br>1582<br>1582<br>1582<br>1582<br>1582<br>1582<br>1582<br>1582<br>1582<br>1582<br>1582<br>1582<br>1582<br>1582<br>158  | 52 mai 113,6 11 169,6  |
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| 0.10 0.00 0.00 0.00 0.00 0.00 0.00 0.00  | 0.3 0.3 0.3 0.3 0.3 0.3 0.3 0.3 0.3 0.3   | 12 03 Previous Change -0.20 -0.16   Change -0.20 -0.16   7 2188   7 1013   8 1119   8 1119   1 1027   1 1037   1 1037   1 1037   1 1037   1 1038    | S (LIFFE) O  | M250,000  Low 95,47 94,82  210,2 Tree 210,2 Tree 10143 Tree  | Est. vol 110253 196 110253 196 110253 196 110253 196 110253 196 110253 196 110253 196 110253 196 110253 196 110253 196 110253 196 11025 11 | Open lat. 177078 900  7.80 7.84 8.46 8.46 8.46 8.46 8.46 8.46 8.46 8   | Sep * LEFFE hau  * | Y100m 100<br>Open<br>120.43<br>118.76<br>118.76<br>118.76<br>118.76<br>118.76<br>118.76<br>118.76<br>118.76<br>118.76<br>118.76<br>118.76<br>118.76<br>118.76<br>118.76<br>118.76<br>118.76<br>118.76<br>118.76<br>118.76<br>118.76<br>118.76<br>118.76<br>118.76<br>118.76<br>118.76<br>118.76<br>118.76<br>118.76<br>118.76<br>118.76<br>118.76<br>118.76<br>118.76<br>118.76<br>118.76<br>118.76<br>118.76<br>118.76<br>118.76<br>118.76<br>118.76<br>118.76<br>118.76<br>118.76<br>118.76<br>118.76<br>118.76<br>118.76<br>118.76<br>118.76<br>118.76<br>118.76<br>118.76<br>118.76<br>118.76<br>118.76<br>118.76<br>118.76<br>118.76<br>118.76<br>118.76<br>118.76<br>118.76<br>118.76<br>118.76<br>118.76<br>118.76<br>118.76<br>118.76<br>118.76<br>118.76<br>118.76<br>118.76<br>118.76<br>118.76<br>118.76<br>118.76<br>118.76<br>118.76<br>118.76<br>118.76<br>118.76<br>118.76<br>118.76<br>118.76<br>118.76<br>118.76<br>118.76<br>118.76<br>118.76<br>118.76<br>118.76<br>118.76<br>118.76<br>118.76<br>118.76<br>118.76<br>118.76<br>118.76<br>118.76<br>118.76<br>118.76<br>118.76<br>118.76<br>118.76<br>118.76<br>118.76<br>118.76<br>118.76<br>118.76<br>118.76<br>118.76<br>118.76<br>118.76<br>118.76<br>118.76<br>118.76<br>118.76<br>118.76<br>118.76<br>118.76<br>118.76<br>118.76<br>118.76<br>118.76<br>118.76<br>118.76<br>118.76<br>118.76<br>118.76<br>118.76<br>118.76<br>118.76<br>118.76<br>118.76<br>118.76<br>118.76<br>118.76<br>118.76<br>118.76<br>118.76<br>118.76<br>118.76<br>118.76<br>118.76<br>118.76<br>118.76<br>118.76<br>118.76<br>118.76<br>118.76<br>118.76<br>118.76<br>118.76<br>118.76<br>118.76<br>118.76<br>118.76<br>118.76<br>118.76<br>118.76<br>118.76<br>118.76<br>118.76<br>118.76<br>118.76<br>118.76<br>118.76<br>118.76<br>118.76<br>118.76<br>118.76<br>118.76<br>118.76<br>118.76<br>118.76<br>118.76<br>118.76<br>118.76<br>118.76<br>118.76<br>118.76<br>118.76<br>118.76<br>118.76<br>118.76<br>118.76<br>118.76<br>118.76<br>118.76<br>118.76<br>118.76<br>118.76<br>118.76<br>118.76<br>118.76<br>118.76<br>118.76<br>118.76<br>118.76<br>118.76<br>118.76<br>118.76<br>118.76<br>118.76<br>118.76<br>118.76<br>118.76<br>118.76<br>118.76<br>118.76<br>118.76<br>118.76<br>118.76<br>118.76<br>118.76<br>118.76<br>118.76<br>118.76<br>118.76<br>118.76<br>118.76<br>118.76<br>118.76<br>118.76<br>118.76<br>118.76<br>118.76<br>118.76<br>118.76<br>118.76<br>118.76<br>118.76<br>118.76<br>118.76<br>118.76<br>118.76<br>118.76<br>118.76<br>118.76<br>118.76<br>118.76<br>118.76<br>118.76<br>118.76<br>118.76<br>118.76<br>118.76<br>118.76<br>118.76<br>118.76<br>118.76<br>118 | Close  Close  d on APT. / /  943: bash 4  943: 21  1173: 22  1173: 22  1223: 22  1223: 22  1032: 23  1032: 23  1033: 25  1033: 35  1033: | Change   120.44 119.35 1419.35   | 120,35 119,25 tor previous of 120,35 119,25 tor previous of 13,27 13,37 14 3,77 13,37 14 3,77 13,38 11 10 103 104 105 105 105 105 105 105 105 105 105 105  | 1065<br>2705<br>isy.<br>1E + 0r-<br>113 + 12<br>1861 +                                     | 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0 0   |

|   |  |            |                  | _                       |   |                  |                     | 30 Yr ago H                            |  |                   |   |              |              | 300 4  | Jun 3                   | May 31                   | May              | <del></del>                   | Мау                 | _               |
|---|--|------------|------------------|-------------------------|---|------------------|---------------------|--|--|-------------------|---|--------------|--------------|--|-------------------------|--------------------------|------------------|-------------------------------|---------------------|-----------------|
| , | Govi. Secs. (UK)<br>Flood interest   | 92.30      | 92.4             | 0 9<br>5 11             | 1.55                                    | 92.07            | 91.                 | 74 95.00 £                             | 5.34 91.50<br>5.23 110.74                                    | Gat Ed<br>5-day i | ged ba                                  | rgekn        |              | 79.2<br>92.3   | 77.1<br>91.7            | 81.0<br>93.8             | 99               | 0.0                           | 125                 |                 |
|   | for 1998. Government<br>15/10/26 and Fixed in  | Securities | high s           | since o                 | indices                                 | on: 12           | 7.4 (DSA<br>ct 1974 | 1V35), low 49 16                       | (02/01/75). Flued Int  | arest high        | SINCE C                                 | omples       | ion: 133     | .87 (21/01/84  | low 50 53               | (03/01/76), Bi           | mbs 100:         | Govern                        | nent Sc             | CLIP            |
|   |  |            |                  | •                       |   |                  | -                   |  |  |                   |   |              |              |  |                         |                          |                  |                               |                     |                 |
| ١ | FT/ISMA IN   | TERN       | ATIO             | NΔ                      | L BC                                    | OND              | SER                 | VICE                                   |  |                   |   |              |              |  |                         |                          |                  |                               |                     |                 |
|   | lated are the latest int   | _          |                  | _                       | _                                       | _                | _                   |  |  | 7:06 nm           | on Jun                                  | . 5          |              | -  | _                       |                          |                  |                               |                     |                 |
|   |  |            |                  |                         | Office                                  |                  |                     | 5,55,25,                               |  | Bid               |   |              | Yield        |  |                         | leaund                   | Bkt              | Offer                         | Chg.                | Y               |
|   | LS. DOLLAR STRAIGH   |            | *                | œ1                      | net                                     |                  | -                   | Sweden 8 97 _                          | 250  | 1055              | 105%                                    |              | 3.82         | Abbey Nad  | Treesury S 08           | 2 2                      | 991,             | 993                           | ٠,                  | 8.1             |
|   | Abbay Nati Traesury 6½<br>ABN Amro Bank 7¼ 06  |            | 000              | 99 <sup>1</sup> 2       | 963g                                    | 7                | 7.23<br>7.52        | United Kingdom<br>Volkswapen Inti      | 74 97 5500<br>In 7 06 1000                                   | 1042              | 1045 <u>a</u><br>1031 <sub>a</sub>      | .1.          | 3.74<br>6.50 | British Land<br>Denmark 63   | 87, 23 €                | 150                      | 891 <sub>2</sub> | 69 a                          | -1                  | 70.2<br>6.5     |
|   | ABN Arreo Bank 74, 06<br>African Dav Bk 7 <sup>3</sup> s 23  |            | 500              | 94%                     | 953                                     | 4                | 7.83                | World Bank 0 15                        | 300  | 30                | 30 <sup>1</sup> 4                       | ,ì           | 6.35         | Depta Finan  | 0 74 (BE .              | 600<br>500               | 233              | 94                            | 4                   | 8.2             |
|   | Piberta Province 7°2 98 .<br>Acien Dev Bank 6°4 00 .<br>Austria 6°2 06   | 1          | 000 1            | Œ¹₃<br>œZ               | 1023                                    | 4                | 6.62<br>7.25        | World Bank 5%                          | 3000   | 892               | 8912                                    | والر         | 5.97         | EB\$03 €   |                         | 1000                     | 1004             | 1004                          |                     | 7.9             |
|   | Austria 612 06   |            | 400 1            | 05%                     | 105l <sub>2</sub>                       | 7                |                     | SWISS FRANC                            | STRAIGHTS  |                   |   |              |              | Harmon 103   | ome 84 05 £             | 500<br>500               | 101              | 101 g<br>104 2                |                     | 6.9             |
| ı | Bacien-Wuerz L. Fin 84e i  | 00 10      | 000              | 104                     | 104                                     | -                | 6.83                | Asian Dev Bank                         | 0 16 600   | 34                | 344                                     | 44<br>44     | 5.64         | HSBC Hold  | nos 11.69 02            | £ 153                    | 1143             | 115                           |                     | 8.5             |
|   | Bank Ned Gerpeenten 7<br>Baser Verstnette 61, 06   | 99 1       | 500 1            | 01%<br>01%              | 101 <sup>1</sup> 2                      |                  | 6.54<br>6.87        | Austria 4½ 06 _                        |  | 1035              | 1033 <sub>4</sub><br>1023 <sub>4</sub>  | - 1          | 3.43         | Mary 101 <sub>2</sub> 14   | 2 2                     | 400                      | 1113             | 11218                         |                     | 9.1             |
| Ì | Buyer Vereinetik 6 <sup>1</sup> g 06 .<br>Belgium 5 <sup>1</sup> 2 06  | 1          | 000              | 90 <sup>1</sup> 2       | 90%                                     |                  | 7.15                | Denmark 44 99                          | 100  | 103               | 1031                                    |              | 3.13         | Land Sees 9  | 107 E                   | 200                      | 104%             | 985g                          | - 1                 | 7.A<br>8.8      |
| ı | British Columbia 7% 02 .   |            | 500 1            | 03 <sup>1</sup> 8<br>13 | 103 <sup>1</sup> 2<br>13 <sup>3</sup> 2 |                  | 7.09                | 66 34 99                               | 100  | 10152             | 1013                                    |              | 3.15         | Ontario 111  | OI &                    | 200<br>100<br>200<br>150 | 1117             | 1124                          |                     | 79              |
|   | Ganada 6 <sup>3</sup> e 06   | 1          | 500 s            | 945                     | 943                                     | 4                | 6.36<br>7.32        | Finland 74 99                          |  | 1114              | 1113                                    | 43           | 5.04<br>3.91 | Powergan 8   | 4 08 £                  | 250                      | 1024             | 103<br>110%                   |                     | 8.3             |
| ( | Canada 6 <sup>1</sup> 2 97<br>Canada 6 <sup>1</sup> 2 97<br>Chaung Kong Fin 5 <sup>1</sup> 2 98<br>China 6 <sup>1</sup> 2 01                       | 2          | 000 1            | 001                     | 1005                                    |                  | 8.12                | iceland 7% 00                          | 100  | 113               | 1135                                    | •••          | 4.15         |  |                         |                          |                  | 1124                          |                     | 7.5<br>8.0      |
|   | Chang Kong Pin 5½ 98<br>China 61a M  |            | 500              | 955                     | 361 <sup>4</sup>                        | 44               | 7.61<br>7.94        | Enter Arter Ope 4                      | r os 600   | 1014              | 10:3                                    | *            | 4.48         | TONZ Fin 9   | # 05 MES -              |                          | 99               | 100                           |                     | 84              |
|   | Credit Fonder 912 99<br>Denmark 514 08   | ;          | 300 1            | 055                     | 107                                     | 7                | 6.73                | Orasbac Harles 5                       | 08 100   | •••               | 108%<br>100%                            | واب          | 4.75<br>5.00 | World Bank   | 121 <sub>2</sub> 97 NZS | 250<br>7000              | 1033             | 103%<br>101                   | 4                   | 9.5<br>5.8      |
| ļ | Denmark 54 08  | - 1        | 000              | 99 <sup>1</sup> 9       | 993 <sub>3</sub> 8                      |                  | 6.28                | SNCF 7 04                              | 450  | 1144              | •                                       |              | 4.87         | Denmark 5  | 99 FFr                  | 7000                     | 1013             | 1017                          |                     | 5.1             |
|   | Sast Japan Railway 6½ (<br>33.6 m  | × 9        | BDG 9            | 95 ts                   | 96<br>943 <sub>R</sub>                  | -18              | 7.35<br>7.00        | Sweden 4% 03                           | 450<br>  | 1014              | 10212                                   |              | 4.45         | Bac de Fran  | ce 54, 22 FF            | 3000                     | 1154             | 115                           | _                   | 7.4             |
|   | 38 6 01<br>36 9 <sup>1</sup> 4 97<br>Sec de France 6 98  | 1          | 000 1            | 04 <sup>1</sup> 2       | 10414                                   |                  | 6.13                | World Bank 7 (1)                       |  | 25                | 25 <sup>1</sup> 2                       | 44           | 5.59<br>4.10 | E CATTAG   | RATE NOTE               |                          |                  |                               |                     |                 |
|   | Sec de France 6 98   |            | 200              | 101                     | 1014                                    |                  | 6.51                |  |  |                   | 110                                     | **           | 0            | The state of the s | INTE HOTE               | house                    | 68               |                               | Cler                | Car             |
|   |  |            |                  |                         | 1047 <sub>1</sub><br>1057 <sub>2</sub>  |                  | 7.07                | YEN STRAIGHT                           |  |                   |   |              |              | Ahheu Noti   | - A G                   | 9 ****                   | 00.0             |                               |                     | 5.230           |
| į | coron Capital O 04   | 18         | 900              | 55%                     | 55%                                     | 4                | 725                 | Credit Foncier 43                      | 75000<br>02 75000  | 1065              | 1105g<br>1065                           | şÅş<br>ş³g   | 1.93         | Bunkamerica  | 1 99                    | 750                      | 99.9             |                               |                     | 5.53            |
| ŀ | export Dev Corp 91 <sub>2</sub> 98<br>export Capital 0 04<br>ed Home Loan 71 <sub>9</sub> 99<br>ederal Noti Mort 7.40 04                           | 15         | 900 10           | DI S                    | 101%                                    |                  | 6.64                |  |  | 110-9             | 116%                                    | 414          | 2.07         | Carracte -4  | 99                      | 750<br>2000<br>2000      | 99.5             |                               | 1.65                | 5250            |
|   | Formand 6 2 97   | 18         | 500 10<br>500 10 | ரரு<br>100% -           | 102                                     |                  | 7.22<br>6.30        | Br-Im Bank Japa                        | n 4 <sup>3</sup> e 03 105000                                 | 100%              | 1093g<br>1192 <sub>2</sub>              | +50          | 2.97         | Commercial   | OS BrL. O               | 8 750                    | 99.5<br>99.7     |                               |                     | 4.257<br>5.355  |
|   | intand 6% 97<br>and Motor Credit 6% 99   | 16         | 500 1            | 20-2                    | 29%                                     |                  | 9.58                | taly 312 D1                            | 9  | 1043              | 10412                                   | 449          | 2.11<br>2.58 | Cristik Lyonn  | Alic \lambda 106        | 300                      | G8 -7*           |                               |                     | 5.500           |
| ۰ | Seneral Mills 0 13<br>NI Finance 5½ 98   |            |                  | 23 <sup>1</sup> 2       | 24½<br>974                              | 4                | 8.89<br>6.62        | haly 5 D4                              | 200000   | 1124              | 113                                     | 4l2          | 326          | Condition to   | ain 0.30 98             | 1250                     | 1000             |                               |                     | 5.786           |
| į | nter-Amer Dev 8 <sup>1</sup> 4 06  |            | 100              | 24                      | 89<br>ar 4                              | 10               | 7.30                | Japan Dev Sk 61                        | 01 120000  | 1104              | 110lg<br>120lg                          | -34          | 1.79         | Dresdner An  | ence 🕁 06 DI            | 1000<br>V 1000           | 89.94<br>100.00  |                               |                     | 5.166<br>3.281  |
|   | nter-Amer Dev 72 00  |            | 900 10           | 01%                     | 1017                                    |                  | ,,,,,,              | SNCF 64 00 _                           | 30000  | 116%              | 1174                                    | +4           | 2.01         | Fed Nat Mor  | 1-400                   | 1000                     | 99.60            | 9                             | 1.72                | 5,097           |
|   | aly 6 03   |            | 1000 S           | 233                     | 975g<br>935g                            | 7                | 6.42<br>7.31        | Spain 5% 02                            | 125000   | 11812             | 1163                                    | +38          | 2.64         | Ferro del Sta<br>Robard 0.97   | £ 0.10 97               | 420<br>1000              | 100.1            |                               |                     | 5537            |
|   | nd Finance 5 <sup>1</sup> s 99<br>bly 6 03<br>bly 6 <sup>7</sup> s 23<br>lapan Dev Bk 8 <sup>3</sup> s (11<br>lones Bec Power 6 <sup>3</sup> s (33 | 35         | , oo             | 68                      | 983                                     | 4                | 812                 | World Bunk 54 (                        | 2 150000   | 1745              | 1057<br>1144                            | +30          | 1.19<br>2.53 | Deliment 1. A  | -                       | -5-0                     | 99.85            |                               |                     | 5.449<br>5.378  |
| J | lapan Dav Bk 83g 01  | 5          | 900 10           | 5                       | 105%                                    |                  | 6.96                |  |  |                   |   | •            |              | Halltox BS 0   | 99                      | <del>6</del> 03          | 100.0            | 100                           | 114                 | 5.293           |
|   | Astauthin Bac 74 02 _  | 10         | 100<br>100       | 101                     | 9Å<br>101%                              | 4                | 7.54<br>7.17        | OTHER STRAIG                           | 175<br>176   | 1006              | 109 <sup>1</sup> 2                      |              |              | hate 3, 50   | 4 98                    | 500                      | 100.1            |                               |                     | 5.730<br>5.543  |
|   | Antaunhim Bec 7 <sup>1</sup> 4 02<br>Intario 7 <sup>3</sup> 8 03<br>Inter Kontrollberik 8 <sup>1</sup> 2 01  | 30         | 100 K            | 114                     | 10112                                   |                  | 7.26                | KB Deut Industri                       | 8 b 03 LFr 3000  | _                 | ILLEGE                                  |              | 6.75         | LKB Baden-1  | Allert Dr. J.           | GR 4DAN                  | 99.53            |                               |                     | 5.476           |
| i | later Kontrollbenk 8½ 01<br>Tortugal 5% 06   | 2          | 200 10           | 154                     | 105 <sup>1</sup> 4<br>92 <sup>3</sup> 2 | 7                | 8.99                | Tenahalani laurani d                   | 7 D4   F   |                   | 10112                                   |              | 6.69         | Lloyds Gank  | Perp S 0.10 .           | <del>5</del> 00          | 84.96            | 8                             | 170                 | 5.350           |
| C | Nebec Hydro 9%, 98   | 1          | 50               | 121 <sub>8</sub><br>106 | 1084                                    | -                | 7,27<br>6,83        | Austria 65 98 FI                       | FI 1000  | 105%              | 106<br>1053                             | +4           | 4.97<br>4.54 | New Zestand  | 90                      | 650<br>1000              | 99.78<br>99.90   |                               |                     | 5.582<br>5.339  |
| C | Asebec Prov 9 98   | 2          | 200              | 104                     | 1044                                    | 4 <sub>7</sub> 8 | 6.60                | Bell Carnecia 10 <sup>2</sup> 8        | F 1000<br>F 1000<br>99 CS 150<br>3, 03 CS 1250               | 1095              | 110                                     | 4            | 7.06         | Nova Scotta  | ~                       | 500                      | 92.00            |                               |                     | 5.667           |
| Ē | AS 1099<br>NCF 9 <sup>1</sup> 2 08<br>pain 6 <sup>1</sup> 2 99   |            | 500 10<br>150 10 | Y .                     | 107 <sup>1</sup> 2<br>108               | 42               | 7.01<br>6.56        | British Columbia                       | <sup>4</sup> 4,03 C\$ 1250<br>g 8 <sup>1</sup> 4 89 C\$ 1000 | 100%              | 101                                     | 4            | 7.75         | Ontario 099  | - 0.00                  | 2000                     | 99.94            |                               |                     | 5.480           |
| S | pain 6 <sup>1</sup> 2 99   | 10         | 000 9            | 9                       | 98%                                     | 4                | 661                 | FIR 101 as CS                          | 120  | 4007              | 104 <sup>1</sup> 4<br>1067 <sub>1</sub> | -4           | 6.90<br>8.17 | Rente 0 08 .   |                         | EN1                      | 99.60<br>99.77   |                               |                     | 5.535<br>5.437  |
| 7 | weden 6 <sup>1</sup> 2 03<br>ennesses Valley 6 06  | 20         | M 8              | 774<br>771              | 973g                                    | 416              | 7.14                | DOC OR HARMON &                        | 1 99 CS 275  | 107%              | 106 <sup>1</sup> 2                      | _lg          | 6.99         | State 8k Vict  | oriz (1.05 98 .         | 125                      | 99.96            | 100                           | 110                 | 5,687.          |
| ı | ernames Valley 6 <sup>3</sup> 2 06   | 20         | w *              | 95                      | 9512                                    |                  | 6.85<br>7.26        | Nippon Tel Tel 10                      | C\$ 400<br>4 99 C\$ 200                                      | 110               | 1103 <sub>6</sub><br>1091 <sub>2</sub>  | 4            | 7.41         | Sweden -1g (   | DI                      | 2000                     | 38 82            | 96                            | 1.08                | 1375            |
|   | ormanee Valley 6 <sup>3</sup> s 06<br>okyo Bes Power 6 <sup>3</sup> s 03   | 10         | 000              | M <sup>1</sup>          | 943                                     | 4                | 7.20                | Unicano 6 03 CS.                       | 1500   | 400               | 1024                                    | 10           | 7.05<br>7.75 | CONVERTE   | LE BONDS                |                          |                  |                               |                     |                 |
|   | oyota Motor 55, 98<br>Inited Kingdom 74, 02  | 15<br>30   | 600 9<br>100 10  | 15 A                    | 99 <sup>1</sup> 6                       | -1g              | 6.29                | Ontario Hudeo 16                       | 90 Ct 500  | 110               | 1104                                    | -4           | 6.83         |  |                         |                          | CORNE,           |                               |                     |                 |
| ١ | Kakt Dienev 8⅓ t1  | 13         | 00 9             | 7                       | 97%                                     | ٦,               | 7.08                | Ouebec Hudro 7                         | 104 89 C\$ 150<br>4 C\$ 1000                                 | 1094              | 109 <sup>1</sup> 2<br>94 <sup>1</sup> 4 |              | 8.91         |  |                         |                          | Price            | Bid (                         | Other P             | hall.           |
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|   | Kontd Blank 8% 98  | 15         | OQ 10            | 51 <sub>2</sub>         | 105%                                    | 78               | £61                 | Council Fumos 9                        | 01 For 1100  | 1111              | 1115                                    |              | 6.47         | EE Finance 8<br>Gold Kalgoor   | 4 03 E<br>Se 7½ 06      | 498                      | 6.4<br>1.37      | 106 1                         |                     | 33.5            |
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|   | dy 74 on   | - 25       | 00 10            |                         | 10514                                   |                  | 4.02                | R&   Bank 7½ 00                        | AS 125   | 11 <sup>1</sup> g | 11½<br>93¾                              | - <b>1</b> g | 7.24         | 13/8 06 JPY  | ATHLE TE AT             | 40000 40                 |                  | 92½ (<br>92½ 10               |                     | 70.7<br>45.3    |
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| ļ | krway 6 <sup>1</sup> 3 88  | 15         | 00 10            | 35 <sub>1</sub>         | 10372                                   | <b>-16</b>       |                     |  |  |                   | 1001                                    |              | 901          | Sun Aliance<br>Transplantic  | ALDE U                  | 166                      | 39 H             | <b>10),</b> 11                |                     | -85             |
| į | ntanio 64, 04  | 150        | DC 10            |                         | 084<br>1054                             |                  | 650                 | Unioner Australia<br>Western Aust Taxo | 2 96 AS 150  | 1063.             | 105%                                    | 4            |              | 1 - 14 - 14 - 14 - 14 - 14 - 14 - 14 -   |                         | - 520 (F                 | 505              | 171 <sub>2</sub> (            | gl <sub>2</sub> ∙   | 14.77           |

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#### **CURRENCIES AND MONEY**

#### MARKETS REPORT

# Exchanges quiet as markets wait for key reports

#### By Philip Gawith

Foreign exchanges had a quiet day yesterday with traders and investors content to wait on the sidelines ahead of the release tomorrow of the May payrolls report in the US, and the May Tankan survey in

There was little price movemeot, with dollar/D-Mark confined to a narrow 60 basis point trading range in Europe. In the absence of any substantive issues to trade off, markets were dominated by renewed discussion of the extent to which political or business considerations might influence the dollar/yen rate.

The dollar finished in London at DM1.5293 from DM1.5318. Against the yen it closed at Y108.845, from

In Europe the main movement came from the Spanish peseta which continued its recent retreat, closing at Pta84.67 against the D-Mark

from Pta84.33. The Swedish krona also slipped further, fin-ishing at SKr4.396, from SKr4.372.

Sterling's rally over the past week paused to draw breath. with the trade weighted index finishing slightly lower at 86.4 from 86.5. Against the D-Mark the pound closed at DM2.3675, from DM2.3741, while against the dollar it finished at \$1.5482. from \$1.5499.

■ The discussion about the dollar/yen rate has been fuelled by comments from people on the margins of power. They include Mr Fred Bergsten, the US economist with close ties to the Clinton administration, and Mr Paul Volcker, former chairman of the US

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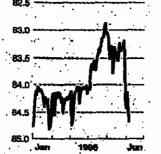
Mr Volcker said on Tuesday that the US would become concerned if the dollar rose above Y110, and might take steps to check its advance. This view

gained support from the chief economist of Ford motor corporation, Mr Martin Zimmerman, who said the strength of the dollar would harm exports. This view was followed by news that Chrysler had made representations to the White House that if the dollar got too strong, it would put the company at "quite a substantial

This line of reasoning was disputed, however, by Mr Eisuke Sakakibara, the Japanese ministry of finance official, who said: "I think the people who are in office now have a slightly different idea." Questioned about a target zone for the dollar, he said: "Neither we, the United States nor Germany have an idea of target

Mr Malcolm Barr, economist at Chase, said it needed to be

Against the D-Mark (pts per DM)



remembered that much of the discussion was being conducted by people "on the peripheries of officialdom". As for the motor companies, "this is fairly predictable stuff. They are at the forefroot of the bleeding hearts when the dol-

lar does rally." Perhaps relevant is that Ford's sales rose only 3 per cent last month, from a year

**DOLLAR SPOT FORWARD AGAINST T** 

previously, compared to a 17 ered. Analysts said his obserper cent rise at Chrysler, and 7 vatioo that the krona was oow per cent at GM. Mr Barr said it was very dif-

ficult to argue that the US authorities would be particularly upset if the dollar went through Y110. A 5-10 per cent move either way should not bother the two countries. He said it was doubtful whether holding the dollar below Y110 was "a flame worth the candle in the long term." The main caveat is that if the exchange rate becomes an election issue. political dynamics could change attitudes.

Comments today from Mr Heikensten, deputy governor of the Swedish Riksbank, suggested that it was unlikely Sweden would make an effort to rejoin the European exchange rate mechanism before the end of the year. He stressed that the economy and exchange rate would need to be stable for some time before

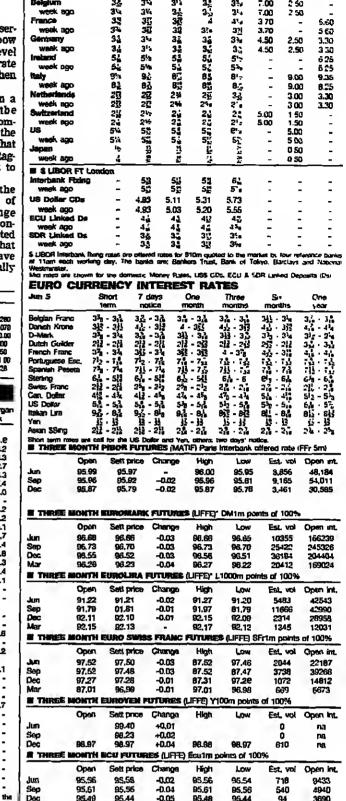
ERM entry could be consid-

approaching its correct level suggested that the ceotral rate might be around SKr4.35 when it does join.

The crown retreated from a 40 month low against the D-Mark following these commeots, and warnings from the S&P credit rating agency that high unemployment and stagnant growth might force it to downgrade Swedish debt. Elsewhere in Europe the

\$3.13bn rise in the Bank of Spain's foreigo exchange reserves attracted come content. The rise was interpreted by some as confirmation that the Spanish authorities have been trying to reverse the rally

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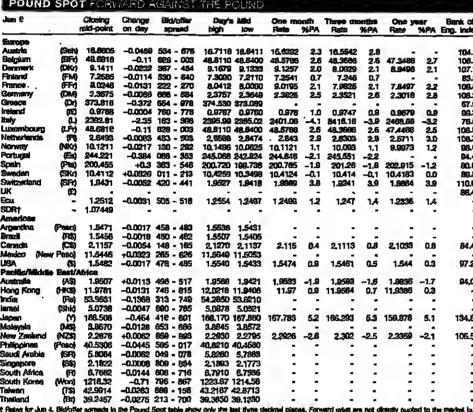
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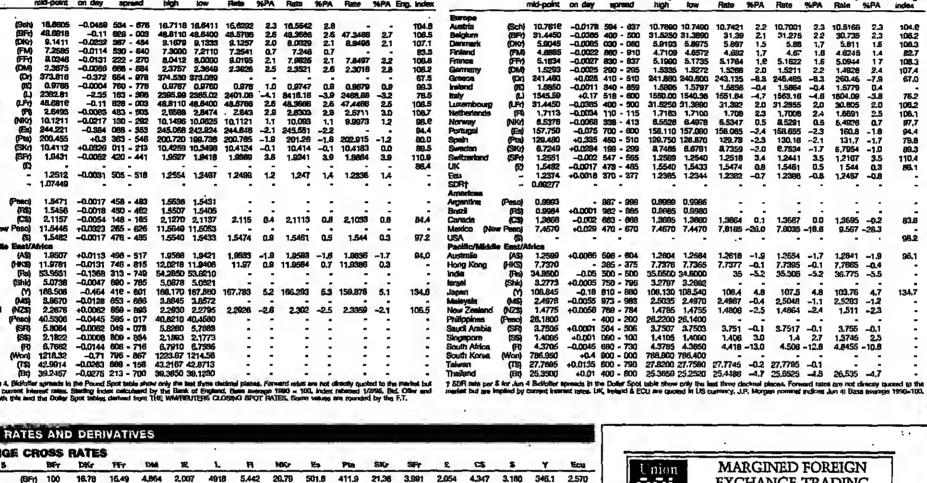
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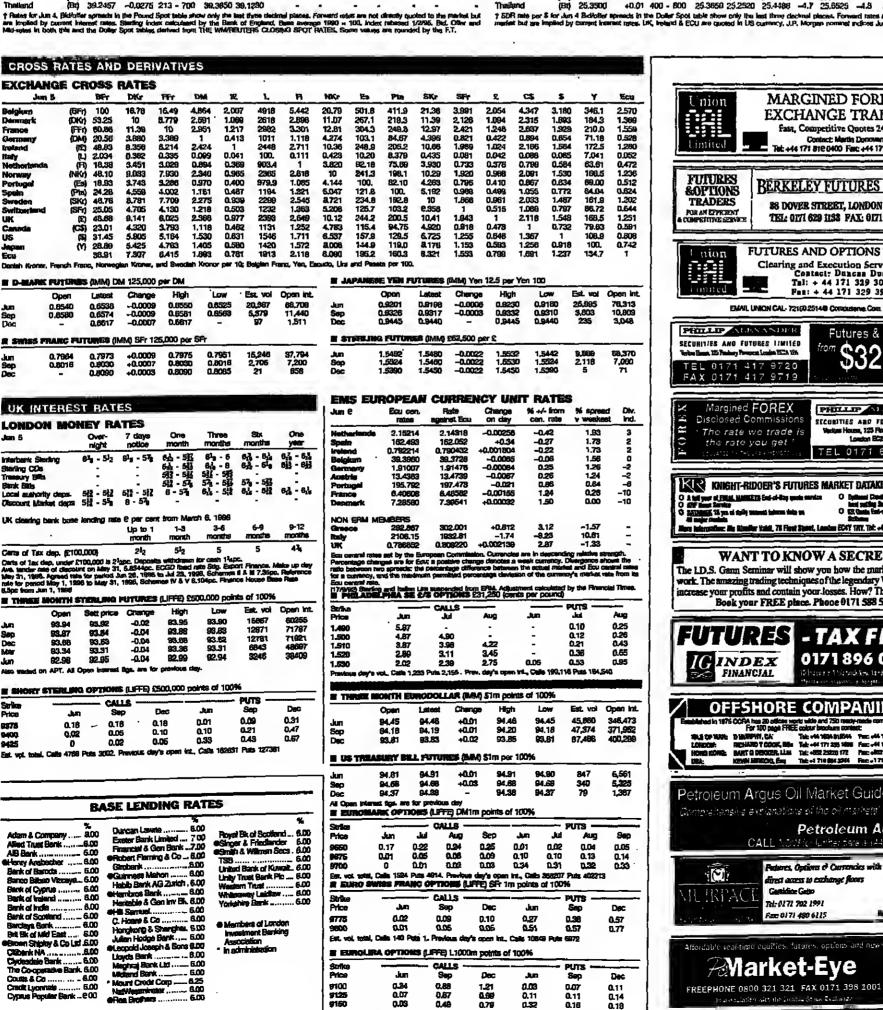
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**Market-Eye** 



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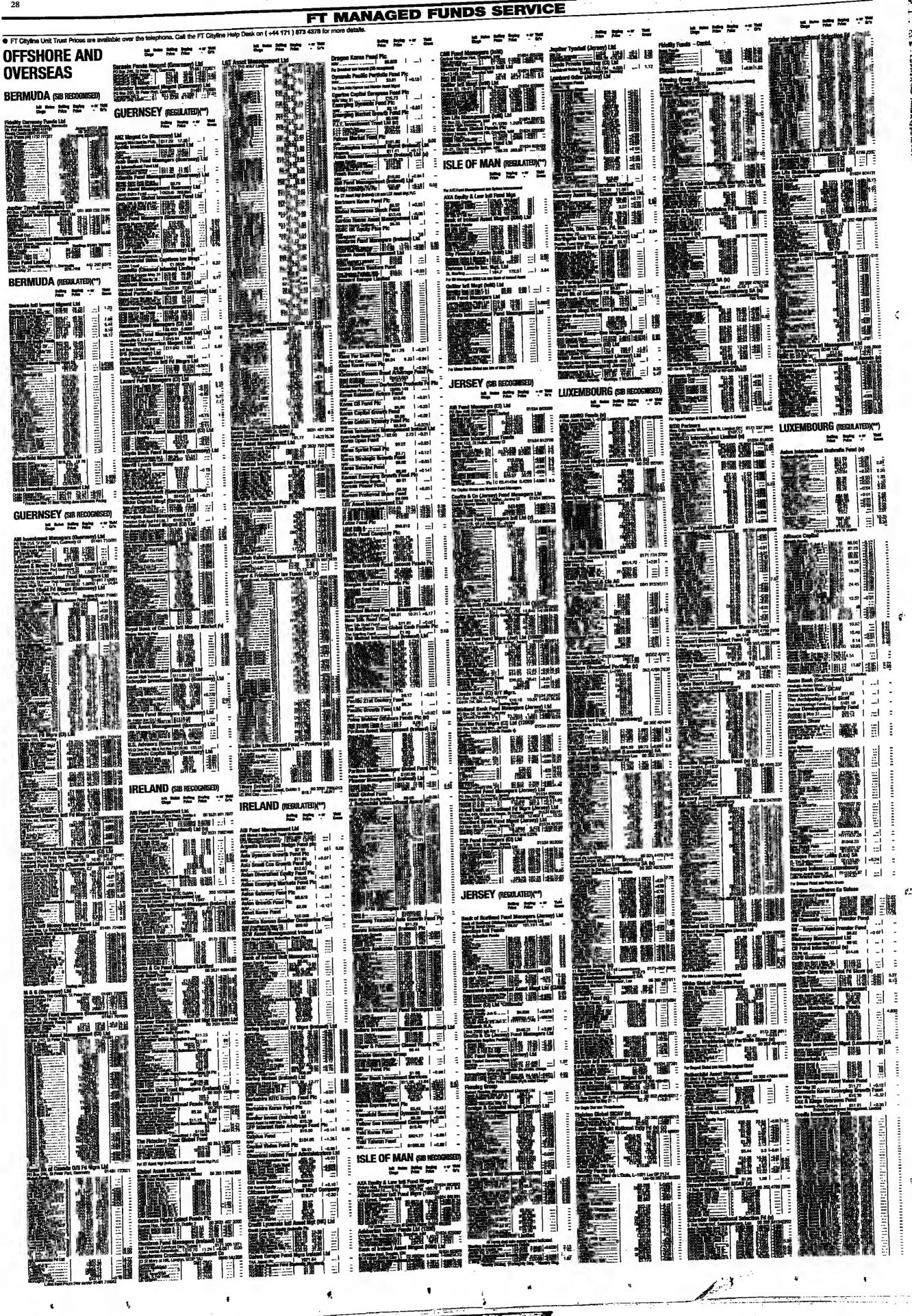
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# Fund raising fears again overshadow equities

By Steve Thompson, UK Stock Market Editor

The widespread enthusiasm that gripped London's equity market on Tuesday afternoon reappeared briefly yesterday but evaporated only minutes after the markat

At the end of a session that promised much, but eventually delivered precious little, the FT-SE 100 index displayed a disappointing 1.8 points decline at 3,753.4. Sentiment was worse in the market's second liners, where the FT-SE Mid 250 index fell sharply, closing 16.5 off at 4.476.0. Dealers ascribed the market's disappointing performance to persis-

tent worries about a potential sub-stantial fund raising operation.

The market's leading candidates to launch a big rights issue included BBA - which confirmed recent market rumours that it intended bidding for Lucas, the motor components group - and Prudential, the insurance company. The Pru has long been rumoured to be considering the purchase of a big huilding society, possibly financed by a cash call or other means.

The Woolwich Building Society and the Alliance & Leicester Building Society were both being put forward as possible takeover targets for the Pru, with dealers taking the viaw that the purchase of either would mean the Pru needing to approach from an unnamed suitor. raise upwards of £1bn.

There was no disguising the disappointment around trading desks with the market's performance yesterday. Wall Street delivered a good showing on Tuesday night, climbing 41 points, and raising hopes that its recent correction, prompted by worries about growing inflationary pressures, had run its course. And the market's hunger for

more hid action was satisfied by news that BBA was looking to launch a bid for Lucas, already in the throes of merging with Varity, of the US. There was more takeover news: Blenheim, the exhibitions company, said it had received an

and an increased offer for Allders' duty-free shops from BAA was almost instantly topped by Swissair. A senior dealer at one big Euro-

LONDON STOCK EXCHANGE

pean securities house said London was still overshadowed by rights issue worries as well as concerns that Friday's US non-farm payroll report might cause another bout of uneasa across global markets. "It is going to be difficult for Lon-

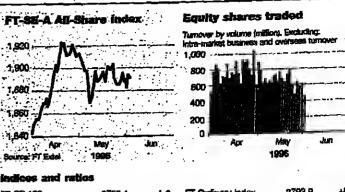
don to make any real progress until the rumoured cash calls are out of the way and the US report is known," said one senior dealer at a leading European securities house. Hints of fresh bid action kept the composite insurers at the forefront

of the Footsie performance league. A share buyback by PowerGen, involving the purchase of some 35m shares, saw some of the market's big institutions switching the proceeds into National Power.

The latest move by Offer, the electricity industry watchdog, proposing a 3 to 5 per cent cut in prices charged by the Scottish generators upset Scottish Power and Scottish Hydro. There are still suggestions in the market, however, that a bid from the US could be on the way for Scottish Power, currently involved in the battle for Southern Water. Turnover in equities at 6pm was

842.9m shares. Customer activity on

Tuesday was worth £1.95bn.



FT-SF 100 2753.4 FT-SE Mid 250 FT-SE-A 350 FT-SE-A All-Share 1685,49 -1.60 T-SE-A AL-Share yield

ers: Food .

Engineering: Vet

FT Ordinary Index FT-SE-A Non Fins p/e 16.85 -3.5 10 yr Glit yiek

TRADING VOLUME

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# United News 'on the prowl

Anticipation of a knockout blow from United News & Media sent Blenheim, the exhibitions organiser, shooting 70

Blenheim announced at the start of trading that it had received an approach which may or may not lead to an offer, Informed upinion pointed to the media group as the most

obvious aggressor. The view was that Lord Hollick had his sights on Blenheim, when head of MAI, but did not have the muscle to make a move until the recent mercer with United. It was also felt that, as some 40 per cent of Blenheim's ahares are very tightly held by stakaholders closely linked with the company, the bidder will have to pay dearly for the acquisition.

A price of 550p a share was seen es the very lowest offer that would tempt. United slipped 19 to 707p in response

#### **BBA** tumbles

Shares in BBA dropped for the second day running, as news that it was considering a bid for Lucas Industries met with outright disbellef from City engineering teams.
"A bid for Lucas has no

industrial logic whatever and would be heavily earnings dilutive. I simply cannot see the institutions buying this one. if it comes," said one top analyst. privatised water companies.

Lucas, which recently announced plans to merga with Varity, of the US, raced by 8 to a new high of 2540 in 18m traded. It was also a busy day in the options pits

for the group. In marked contrast, BBA moved even more rapidly in the opposite direction, tumbling 21% to 295%p to extend its decline to almost 10 per

cent in two days. The BBA management was said yesterday to be lobbying hard among its institutional

A cool response was thought to be widespread. Lucas dis-missed the prospect of a deal

#### Water disappoints

Rasults from Yorkshire Water were in line with market expectations but the shares receded 16 to 718p.

Any immediate plans for a share buyback were dashed by the management, which acknowledged the need to restore battered customer confidence following last aummer's drought and Monday's stinging comments from the

Analysts said there would not be a buyback before December and takeover ardom had been dampened by the stock's valuation. One sector specialist said: "Of the stocks that are not being bld for, this is the most highly rated in the sector. It should come back all the way to 650p."

Yorkshire was also affected, along with the rest of the sector, by a reaffirmation from the Labour party that it would introduce a windfall tax on the

Anglian Water and Wessex, seen as prime takeover candidates, fell 12 to 590p and 4 to

358p respectively.
A squeeze helped food retailer Tesco rise to the top of the list of the day's best per-forming Footsie stocks. The shares gained 8 at 313%p in trade of 7.8m, with SGST and Kleinwort Benson said to have shown a keen interest in the

The group, which holds its annual meating tomorrow, raised the stakes in the supermarket price war earlier this week when it announced plans to extend its successful Clubcard loyalty card scheme by adding debit and interest payment facilities. The scheme aiready has 8.5m users.

Foods and household prodncts group Unilever hardened 11 to 1212p on talk that a strong recommendation from a

leading broker was about to land on investors' desks.

| FINANCIAL           | Jun 5     |             |           |           | May 30      | Yr ago    | 1High     | Low     |
|---------------------|-----------|-------------|-----------|-----------|-------------|-----------|-----------|---------|
| Ordinary Share      | 2792.9    | 2792.2      | 2777.2    | 2791.8    | 2790.3      | 2543.5    | 2995.2    | 2696.7  |
| Ord. div. yield     | 3.99      | 3.89        | 4.01      | 4,00      | 3.99        | 4.21      | 4.06      | 3.78    |
| P/E ratio net       | 16.1B     | 16.18       | 18,11     | 18,18     | 16.16       | 15.62     | 17.25     | 15,96   |
| P/E ratio na        | 15.96     | 15.97       | 15.90     | 15,94     | 15.96       | 15.65     | 17.03     | 15.78   |
| Ordinary Share Inde | dinos co  | mplietors i | high 2605 | 2 19/04/8 | 6; low 49.4 | 28/06/40, | Saur Oute | 1/7/35. |
| Ordinary Share i    | tourly of | _           |           |           | ne 16 n     |           | Male      | 1       |

Jun 3 Yr ago 33,026 1664.2 38,722 602,5 32,007 1708.8 37,801 560.3 SEAO bergains Equity turnover (Em)† Equity bergains† Shares traded (mi)† 81,716 1946.8 35,574 1255.9 39,505 87,931 452,3 Jun 5 Jun 4 Jun 3 May 31 May 30 Yr ago 11fgh 1101,40 1104.30 1110.10 1140.40 1096.40 - 1140.40

Rises and falls 52 Week highs and lows LIFFE Equity options 592 582 1,571 127 27

the company warned that the PowarGen was the most continuing petrol price war will affect first-half figures. heavily traded stock in London as the generator bought back The final round in the bid 37.5m of its shares - or 5.32 per cent of its capital - through battle for Aliders' duty-free UBS at 483p a share. Final business pushed the shares 16 turnover was 85m. But there higher to 215p.

But analysts were divided in was some surprise that the their valuations of Allders, share price actually fell on the deal, losing 3 at 485p. dapending on whether they Otherwise, regional electric-ity companies moved higher on believed the proceeds of tha sale would go back to shareexpectation of US bids. holders through a share buyback, or be invested in the

unchanged at 606p.

Leading transport stocks had

Airways and P&O all moving

bad day, with BAA, British

Binebird Toys sparkled yes-terday as bid speculation drove tha stock sharply ahead. At the Analysts were uncertain as close the shares showed a gain to why W.H. Smith was down 11 to 445p. Suggestiona included a fresh wave of price of 27 at 275p after trada of 1.3m. US group Hasbro, which holds a 6.7 per cent stake in competition among newspathe UK company, was said to be a possible suitor, as was Mattel, another US group. The prospect of Manchester pers, and concerns over Do It All, owned jointly by Smith with Boots, which reports today. Boota finlahed

United signing a lucrative tele-vision contract boosted the shares 26 to 431p.

Independent petrol retailer Frost Group fell 9 to 100p

| land on inve   | stors a                | esks.   |                        | Prost                  | Croup                  | 16TT A                                       | to 100                                       | p arter                | snarply lower.  |
|--|------------------------|---|------------------------|------------------------|------------------------|--|--|------------------------|---|
| FINANCIAL  |                        | S EQU   |                        |                        |                        | Yr ago                                       | 1High  | "LOW                   | The latest twist in the Allders takeover saga left the airports group trailing by 4 to                                      |
| Ordinary State Ord. div, yield P/E ratio net P/E ratio nil Ordinary State Inde | 3.99<br>16.18<br>15.96 | 2792.2<br>3.99<br>16.18<br>15.97<br>pletors his | 4,01<br>18,11<br>15,90 | 4,00<br>18,18<br>15,94 | 3.99<br>16.16<br>15.96 | 2543.5<br>4.21<br>15.89<br>15.65<br>26/06/40 | 2985.2<br>4.06<br>17.25<br>17.03<br>Sage Out | 3.78<br>15,96<br>15.76 | 486p, while BA came off 6 to<br>538p following disappointing<br>May traffic figures. A profits<br>downgrade at Panmure Gor- |
| Ordinary Share<br>Open 9.00  | hourly cha<br>10.00 1  | _   | 00 13.0                | 00 14.0                | 6 15.00                | 16.00  | High   | Low                    | don, plus what was said to be soundings by a sizeable seller,   |
| 2793.8. 2788.0   | 2795.5 27              | 12.4 2791                                       | 8 2793                 | 1 2790.                | 7 2791.7               | 2792,3                                       | 2796.4                                       | 2769.0                 | combined to depress P&O.  |

Disappointing results sparked broker profits downgrades at Racal Electronics. NatWest Securities moved its numbers lower for this year and ABN Amro Hoare Govett came back from £78m to £65.5m. The shares ended 16 off at 304p after above average vol-

which slipped 4 to 515p.

Blue Circle added 6 at 358p following a broker's huy note. Morgan Crucible put on 15 at 447p aftar Credit Lyonnais Laing issued a buy note ahead

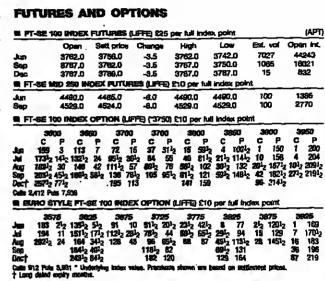
of the annual meeting. Tom Cobleigh jumped 20 to 250p on the announcement that **European Acquisition Capital** was considering the disposal of its 50 per cent stake. Anticipation of tha share

split at Regent Inns next week prompted a 13 rise to 1163p.

Allied Domecq's fall of 9 to 475p was initially attributed to a downgrada by Cazenove. The broker never comments publicly on its recommendations, but one securities house later

said it was a "vicious rumour".

MARKET REPORTERS: Peter John, Joel Kibazo, offrey Brown, Lisa Wood



| 15 T | Ant   | MR.   |      |     | SUES: EQU        | Close              |      |              |      |     |      |
|------|-------|-------|------|-----|------------------|--------------------|------|--------------|------|-----|------|
| rice | paid. | Cap   | - 19 | 96  |                  | price              |      | Net          | Olv. | Gra | P/E  |
| 9_   | 40    | (Em.) | High | LOW | Stock            | P                  | #-   | dr.          | COV. |     | net  |
|      | F.P.  | 44,2  | 102  |     | AM Trust         | 101                |      |              |      | -   |      |
| 100  | F.P.  | 76.5  | 105  | 100 | Aberforth Smlr C | 102                |      | -            | -    | _   |      |
| -    | F.P.  | 4,33  | 55   | 43  | Blocompatibles W | 55                 |      | -            | •    | -   |      |
| 105  | F.P.  | 125   | 124  | 118 | TCA COURS        | 118                |      | -            | -    | -   |      |
| 80   | F.P.  | 10.9  | 108  | 96  | Cartabrooks      | 108                |      | -            | •    | -   |      |
| •    | F.P.  | 56.2  | 81   | 38  | Emtech           | 85                 |      | -            | _    | -   |      |
| -    | F.P.  | 22.8  | 116  | 88  | Epic Multimedia  | 96                 |      | _            | ~    | -   |      |
| _    | F.P.  | 23.1  | 972  | 91  |                  | 9212               | 42   | _            | _    | -   |      |
| -    | F.P.  | 1.38  | 65   | 50  |                  | 55                 |      | _            | ~    | -   |      |
| -    | F.P.  | 27.A  | 191  | 50  | INVESCO E & I C  | 96                 | -1   | -            | •    | -   |      |
| -    | F.P.  | 14.2  | 116  | 108 | Independent Egy  | 108                |      | •            | -    | -   |      |
| -    | F.P.  | 6.30  | 512  | 34  | TJust Group      | 5                  |      | •            |      | _   |      |
| 200  | F.P.  | 43.6  | 295  | 256 | Lyminer          | 290                | +6   | LBA          | 2.2  | 2.8 | 16.5 |
| -    | F.P.  | 115.2 | 293  | 220 | Maiden Group     | 293                |      | <b>5.347</b> | _    | 2,0 |      |
| -    | F.P.  | 34.3  | 208  | 166 | Mulberry Group   | 173                | 43   | -            | •    | •   |      |
|      | F.P.  | 26.6  | 206  | 180 | Prism Paul       | 205                |      | -            | -    | -   |      |
| 190  | P.P.  | 2, 82 | 229  | 205 | Rolltrack        | 216 <sup>1</sup> 2 |      | W20.6        | 2.8  | 8.4 | 7.5  |
| 70   | F.P.  | 32.7  | 123  | 103 | Recognition Sys  | 121                | +3   |              |      |     |      |
| -    | F.P.  | 5.38  | 98   |     | Reflec           | 728                | -2   | -            |      | -   | ,    |
| -    | F.P.  | 24.5  | 99   |     | Remetapence US G | 96                 |      |              | · -  | -   |      |
| _    | F.P.  | 16.9  | 75   |     | SEA Multimadio   | 75                 | •    | _            | -    | -   |      |
|      | F.P.  | 18.8  | 196  |     | Schroder Venture | 194                |      | -            | -    | _   |      |
| _    | F.P.  |       | 97   | 83  | Tedwar Inv Tet C |                    | -112 | -            | -    | -   |      |
| -    | F.P.  | 22.5  | 15   |     | Thomas Posts     | 1212               |      | -            | -    | -   |      |
| - 2  | F.P.  | 3.10  | 56   |     | Tom Hoskins      | 55                 | 42   |              | _    | _   |      |
| 84   | F.P.  | 3.84  | 95   | PI  |                  | 23                 | -    |              | _    | _   |      |

| F.P. 3.10<br>84 F.P. 3.64                        | 56<br>95           |                 | iom Hosto<br>Whitecross |                    | 56 42<br>36           |                | :                  | 2 4         |
|--|--------------------|-----------------|-------------------------|--------------------|-----------------------|----------------|--------------------|-------------|
| † Alternative Investment<br>Share Service house. | Marippi, f         | For a full      | explanation             | of tell c          | ither symboli         | t pledde r     | eler to 7h         | e Londo     |
| FT GOLD  | MINE               | SI              | NDE                     | X                  |                       |                |                    |             |
|  | Aug<br>4           | % chy<br>on day | Aux<br>3                | Your<br>ago        | Gross ally<br>yield % | P/E            | 52 W               | rank<br>Low |
| in Habitany pagent<br>Baid prints balox (21).    | 2319.31            | -2.3            | 2374,38                 | 1889.29            | 1.33                  | -              | 2520.73            | 1722.03     |
| Africa (13)<br>Australatio (6)                   | 3107.99<br>2628.66 |                 |                         | 2551.13<br>2167,03 | 232                   | 42.43<br>28.40 | 3553.86<br>2927.34 |             |
| North America (12)                               | 2052.03            | -28             | 2114.02                 | 1663.24            | 0.66                  | 72.97          | 2186.39            | 1488.94     |

## ume of 4.9m. Capital Radio shed a penny to 696p ahead of an announcement that IP Groupe, a subsidiary of the French media conglomerate Havas, was selling its 17 per cent staka in the company. The placing of almost 14m shares through Goldman Sachs will net IP around £100m. FT - SE Actuaries 2.16 1.75 1.79 2.08 1.92 3755.2 3739.2 3747.8 3370.8 4492.6 4505.5 4519.0 3695.8 4536.2 4561.4 4555.0 3704.7 1801.5 1596.5 1502.3 1674.6 1830.6 1828.0 1832.0 1697.1 4.03 3.39 3.48 3.89 5.15

| FT-SE-A 350 Lower Yield                                     | 1978.8             | -                          | 19/9/8                 | 1972.3          | 1975.    | 9.0000.8                   | 2.78             | 2.35             | 19.53             | 34.08  | 3 1370.            |
|---|--------------------|----------------------------|------------------------|-----------------|----------|----------------------------|------------------|------------------|-------------------|--------|--------------------|
| FT-SE SmallCap  | 2239.10            | +0.3                       |                        |                 |          | 1865.58                    | 2.91             | 1.77             | 24.23             | 30.02  | 1835.9             |
| FT-SE SmallGup ox law Trusts                                | 2239.32            |                            |                        |                 |          | 1842.79                    | 3.07             | 1.88             | 21.69             |        |                    |
| FT-SE-A ALL-SHARE   | 1885,49            | -0,1                       | 1887.09                | 1882.29         | 1885,78  | 1654.64                    | 3.81             | 2.06             | 15.96             | 39.59  | 1599.4             |
| I FT-SE Actuaries Ali                                       | Share              |                            |                        |                 |          |                            |                  |                  |                   |        |                    |
|   |                    | Day's                      |                        |                 |          | Your                       | DIV.             | Net              | P/E               | Xd ad  |                    |
|   | Jun 5              | chge%                      | Jun 4                  | Jun 3           | May 81   | ago                        | yleid%           | COVE             | ratio             | yto    | Flotur             |
| 10 MINERAL EXTRACTION(24)                                   | 3462.87            |                            | 3462.97                | 3459.77         | 3454,42  | 2668,27                    | 3.87             | 1.63             | 17.63             | 79.03  | 1491.8             |
| 12 Extractive Industries(6)                                 | 4417.90            |                            |                        |                 |          | 3825.71                    | 2.06             | 2.50             |                   | 109.19 |                    |
| 15 Off, Integrated(3)                                       | 3492.01            | +0.2                       | 3484.50                | 3474.58         | 3477.67  | 2864.94                    | 4.10             | 1,72             | 17.69             | 61.84  | 1543.0             |
| 18 Oil Exploration & Prod(15)                               | 2460,96            | -1.8                       | 2494.55                | 2499,29         | 2504,87  | 2058.93                    | _ 2.13           | 1.62             | 36.37             |        | 1481.              |
| 20 GEN INDUSTRIALS(275)                                     | 2082,87            | -0.3                       | 2089 54                | 2092 22         | 2095.03  | 1969.29                    | 4.09             | 1,89             | 18.18             | 39.57  | 1139.7             |
| 21 Building & Construction(34)                              | 1206.20            |                            | 1207.77                |                 |          |                            | 3.42             | 1.80             |                   | 20.76  |                    |
| 22 Building Matis & Merchs(29)                              | 1910.74            |                            |                        |                 |          | 1800.08                    | 3.87             | 1.76             |                   | 38.43  |                    |
| 23 Chemicsks(25)  | 2515.86            | +0.1                       | 2514,13                | 2516.41         | 2527.81  | 2438.56                    | 3.95             | 1.94             | 16.31             | 55.49  | 1197.5             |
| 24 Olversified Industriels(19)                              | 1878.24            |                            |                        |                 |          | 1883.08                    | 6.20             | 1.09             |                   | 54.55  | 846.3              |
| 25 Electronia & Elect Equip(37)                             | 2444,44            |                            | 2461.49                |                 |          |                            | 8.03             | 1.66             | 24.88             | 14.34  | 1261.6             |
| 28 Engineering(71)  | 2413.58            |                            | 2429.65                |                 |          |                            | 3,17             | 2.48             | 15.94             | 30.75  | 1463.2             |
| 27 Engineering, Vehicles(13)                                | 3106.32            |                            | 3087.70                |                 |          |                            | 3.43             | 1.96             | 18.61             | 53,22  | 1612,9             |
| 28 Paper, Poleg & Printing(28)                              | 2645.44            |                            | 2685.91                |                 |          |                            | 3.87             | 1.99             | 76.25             | 42.78  | 1102.2             |
| 29 Textiles & Apparei(19)                                   | 1402.96            | -0.3                       | 1407,66                | 1 <u>417.40</u> | 1421.12  | 1677.68                    | 5.03             | 1.54             | 15,17             | 39.63  | 864.49             |
| 30 CONSUMER GOODS(8U)                                       | 3522,83            |                            | 3529.00                |                 |          |                            | 3.98             | 1.87             |                   | 78.74  | 1307.4             |
| 32 Alcoholic Beveragos(9)                                   | 2770.02            |                            | 2781.46                |                 |          |                            | 4.52             | 1.62             | 17.11             | 71.72  | 1005.4             |
| 33 Food Producers(23)                                       | 2459.45            |                            | 2455.79                |                 |          |                            | 4.21             | 1.64             | 16.12             | 58.11  | 1116.2             |
| 34 Household Goods(15)                                      | 2588.61            |                            | 2697.91                |                 |          |                            | 3.69             | 241              | 14.03             |        | 1031.4             |
| 36 Health Care(20)  | 2089.44            |                            | 2082.19                |                 |          |                            | 2.57             | 1.62             | 26.78             |        | 1272.2             |
| 37 Phermaceuticals(12)                                      | 6003.66            |                            | 5019.25                |                 |          |                            | 3.40             | 1.88             |                   | 91.18  | 1702.8             |
| 38 Tobacco(1)   | 4417,58            |                            | 417.58                 |                 |          |                            | 5.73             | 2.12             |                   |        | 1108.6             |
| 40 SERVICES(253) ·  | 2545.89            |                            | 2542.07                |                 |          |                            | 2,80             | 2.04             | 21,62             |        | 1329.5             |
| 41 Distributors(32)   | 2957.29            |                            | 2962.84                |                 |          |                            | 2.85             | 1.77             | 24.81             |        | 1091.4             |
| 42 Laleure & Hotels(23)                                     | 3200,10            |                            | 196.30                 |                 |          |                            | 2.76             | 1-96             |                   |        | 1723.A             |
| 43 Media(46)  | 4196,28            |                            | 212.50 4               |                 |          |                            | 2.13             | 1.94             | 30,17             |        | 1520.7             |
| 44 Retailers, Food(15)<br>45 Retailers, General(43)         | 2090.58            |                            | 2067.08 2<br>2088.28 2 |                 |          |                            | 3.63<br>2.95     | 2.31<br>2.18     | 14.90             | 48.47  | 1341.4<br>1205.8   |
| 45 Retailers, General(43)<br>47 Browerles, Pubs & Rest.(24) | 3183.80            |                            | 171.05                 |                 |          |                            | 3.10             | 2.15             | 18.27             |        | 1581.8             |
| 48 Support Services(46)                                     | 2452.37            |                            | 442.07 2               |                 |          |                            | 1,87             | 2.45             | 27.25             |        | 1559.9             |
| 49 Transport(21)  | 2380.53            |                            | 401,25 2               |                 |          |                            | 8.70             | 1,49             |                   | 42.47  | 995.10             |
|   | 2403.95            |                            |                        |                 |          |                            |                  |                  |                   |        |                    |
| 60 UNLINESPA  | 2622.98            |                            | 418.88 2               |                 |          |                            | 5,49°<br>6,01    | 2.08<br>2.43     | 11.04             |        | 1023.20            |
| E2 Electricity(12)<br>64 Gas Distribution(2)                | 1278.89            |                            | 283.29 1               |                 |          |                            | 9.38             | 1.36             | 9.83              |        | 669.74             |
| 96 Telecommunications(7)                                    | 2043.47            |                            | 062.60 2               |                 |          |                            | 4.31             | 1.93             |                   | 9.04   | 929.04             |
| 68 Water(12)  | 2225.31            |                            | 258.21 2               |                 |          |                            | 5.83             | 2.39             | 8,97              |        | 1206.70            |
|   | 2005.43            |                            |                        |                 |          |                            |                  |                  |                   |        |                    |
| 88 NON-FINANCIALS(885)                                      |                    |                            | 008.48 2               |                 |          |                            | 3.62             | 1.25             |                   |        | 1526.02            |
| 70 FINANCIALS(108)  | 2916.80            |                            | 910.04 2               |                 |          |                            | 4,09             | 2.65             | 11.50             |        | 1284.54            |
| 71 Banks, Retail(8)   | 4003.54            |                            | 976.68 3               |                 |          |                            | 3.89             | 2.80             | 11,11 1           |        | 1318.37            |
| 72 Benks, Merchant(6)                                       | 3675.74            | -0.3 3                     | 685.25 3               | EOF 40          | 1880T-88 | 3250.78                    | 2.68<br>5.22     | 2.38             |                   |        | 1164.41            |
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| 77 Other Financial(21)                                      | 2703.78            |                            | 707.77 2               |                 |          |                            | 3.85             | 1.71             |                   |        | 1544.93            |
| 78 Property(41)   | 1522,91            |                            | 533.49 1               |                 |          |                            | 4.17             | 1.30             | 23.09             |        | 940.25             |
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| BO INVESTMENT TRUSTS(125)                                   | 3201,47            |                            | 203,79 3               | _               |          |                            | 218              | 1,07             |                   |        | 11 19,50           |
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#### **CONTRACTS & TENDERS**

# intormation meeting about public tender for DCS1800 licenses

A new mobile communications bill has been passed in Denmark

Friday 31 May 1996 the Danish Parliament passed a set of bills about the full Danish liberalisation of the telecommunications sector as of 1 July 1996. The bills include new regulation of the mobile communications sector in Denmark that significantly increase the possibilities for competition within the sector.

As a first step in the implementation of the new legislation the National Talecom Agency initiates a public tender procedure regarding licenses to operate new DCS1800 networks. The tender will include the possibility of bidding for national, regional and certain locel (RLL) applications of DCS1800. Furthermore, one national ERMES licence may be bid for.

It is not the Intention through the public tender to set down in advance how many licenses may be issued or how they may be formed. The public tender will therefore be open for bidders to specify how a possible license would be utilized.

The schedule for the public tender procedure has aiready been set down.

On 15 July 1996 the tender procedure is expected to commence through publication of a draft tender document on the basis of which potential bidders may submit letters of interest. The definitive tender document is expected to be issued 16 September 1996 and will set down the final conditions of the tender with a deadline for bids on 2 December 1996. The licenses are foreseen to be issued mid-April 1997.

The National Telecom Agency therefore invites potential bidders to a public information meeting

Wednesday 19 June 1996, 1PM to 5PM

at Gemmel Dok, Strandgade 27B, 1401 Copenhagen K

At the meeting the National Telecom Agency will present the framework of the coming public tender. Regulatory and other general conditions will be outlined and evaluation criteria will be touched upon.

Written notification of attendance should be given to the National Telecom Agency, Holsteinsgade 63, DK-2100 Copenhagen Ø, Denmark, attn. Lars Sten Jørgensen (fax no. +45 35 43 62 33) no later than noon, Wednesday 12 June 1996.

**National Telecom Agency** Denmark

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| 41 29 <sup>1</sup> 2 Şəq <u>raA</u><br>43 36 SaqraB<br>59 <sup>1</sup> 2 38 <sup>7</sup> 3 SaryCp   | 0.60 1.5104 49.4014 3954 3954 5<br>0.06 1.2113 3 mc3 43 43 +14<br>0.48 0.8 20 5068 mc632 5836 5872 +34  | 5½ 3½ Tracksray 9 40 3½ 5½ 3½<br>17 12½ Thei Cup 1.00 19.5 43 14½ 14 14<br>37¾ 21½ Thei Fund 0.11 8.5 88 23½ 23½ 23¾   |
| 33 <sup>1</sup> 2 29 <sup>1</sup> 8 Seldetr<br>6 4 <sup>1</sup> 2 ServMerch<br>48 <sup>1</sup> 4 28 <sup>1</sup> 2 S@SThen  | 1.02 3.1 14 414 327 325 327 11 4530 57 51 51 51 414   | 66 45% Thermodillac 0.12 0.2 37 2877 1666 64 65% +134 1445 22% Thioldx 0.88 1.8 7 1840 41% 41% 41% 41% +14 1460 25% Thioldx 1.12 2.6 10 430 40 38% 40 +1 1460 41% 41% 41% 41% +14 1460 41% 41% 41% 41% +14 1460 41% 41% 41% 41% 41% 41% 41% 41% 41% 41%  |
| 15 <sup>1</sup> s 10 <sup>5</sup> s Shaw ind<br>12 <sup>7</sup> s 10 <sup>3</sup> s Shall will<br>87 75 <sup>5</sup> s Shall r  | 0.30 2.3 40 1120 13 13 13 13 13 13 13 13 13 13 13 13 13   | 25% 1914 Teoms Ind x 0.40 2.0 17 243 2014 2012 2012 2012 2512 2112 2500cm 240 1800 24 2516 24 418  |
| 47 89 SharW x<br>1335 77 Shoneys<br>3356 21 Showbook  | 0.70 1.5 19 303 455 443, 455 +3,<br>10 241 121, 123, 121, -1,   | -T-  |
| 25 <sup>3</sup> 2 22 <sup>3</sup> 4 Sterra Pac<br>0 5 <sup>3</sup> 4 SterratAge   | 0.10 0.3 43 1606 28-7 28-7 28 +12<br>1.18 49 11 87 23-7 23-1 23-7 +12<br>1 8 812 512 512  | 40 <sup>1</sup> <sub>2</sub> 29 <sup>3</sup> <sub>8</sub> Tiduer 0.50 1.2 34 3088 43 <sup>2</sup> <sub>8</sub> 42 <sup>3</sup> <sub>8</sub> 42 <sup>1</sup> <sub>2</sub>   |
| 27 <sup>1</sup> 4 21 <sup>1</sup> 5 Signet Bris<br>30 <sup>3</sup> 5 21 <sup>1</sup> 4 SiliconGr<br>0 <sup>3</sup> 4 7 <sup>1</sup> 5 Sizeler x   | 0.08 3.0 10 767 2834 2834 2834 414<br>21 2018 2832 2834 2834 14<br>0.08 10.2 34 171 858 832 833 14<br>0.18 4.7 37 8261 359 3 335 142  | 45\4 37\4 TmWem x 0.36 0.5 63 6862 41\6 49\6 41\6 4\6 \6 \10 \6 40\6 41\6 4\6 \6 \10 \6 41\6 40\6 41\6 41\6 40\6 41\6 41\6 41\6 41\6 41\6 41\6 41\6 41   |
| 4 <sup>1</sup> 4 2 <sup>5</sup> 8 Sizzier<br>26 <sup>5</sup> 8 10 <sup>3</sup> 4 Signe<br>11 <sup>3</sup> 8 6 <sup>5</sup> 8 Si. Indu x   | 000 00 10 10 10 17 17   | 7% 5% PERIOD 10 1182 7% 5% 7% 44 4 12% 11% Than FT 1.00 8.5 2100 11% 11% 11% 11% 4 2 2 2 2 2 1 1 2 1 2 1 2 1 2 1 2 1 2 1   |
| tia is SouthCore<br>33-is 197s Southin<br>5614, 48-is Si@chum   | 28 1432 31 % 31 ½ 33<br>1.23 23 25 2089 53½ 525 525 4.4   | 1 10% 5% Tokkein Co 0.58 5.9 38 41 9% 9½ 9½ 9½ 1   |
| 31 21½ Smutte Fd<br>22½ 19½ Smucker J<br>49½ 42¼ SnpthiT  | 1.00 2.2 17 280 49 485 49   | 407, 3414 Tooksia 75 0.29 0.5 19 196 351 <sub>2</sub> 35 351 <sub>6</sub> +1 <sub>4</sub> 5 497, 41 Tokswik 1.10 2.7 20 884 43 425, 43 +1 <sub>4</sub> 5   |
| 505 <sub>8</sub> 321 <sub>8</sub> Solectron<br>453 <sub>8</sub> 311 <sub>8</sub> Solectron<br>267 <sub>8</sub> 253 <sub>4</sub> Solecto   | 20 3761 42½ 47½ 41¾ ¼<br>1.08 2.8 10 985 42¼ 41¾ 42<br>0.86 24 16 153 28¼ 21¾ 27¾ .¾  | 54 37 Tonos 0.84 1.3 17 2993 48½ 48½ 48½ 48½ 1.3 27½ 11½ Tonosyst 0.05 0.2120 52 25½ 25½ 25½ 1.3 25½ 1.5 25½ 25½ 25½ 25½ 25½ 25½ 25½ 25½ 25½ 25  |
| 80 <sup>1</sup> 4 57 <sup>1</sup> 8 Sorry<br>15 <sup>5</sup> 8 12 <sup>1</sup> 2 Sothebys<br>45 <sup>7</sup> 8 40 <sup>1</sup> 4 Source Cap x   | 0.41 8.5 50 301 84 83 <sup>1</sup> 2 04 +34<br>0.52 2.2 26 423 14 <sup>5</sup> 8 14 <sup>1</sup> 4 74 <sup>1</sup> 2 +12  | 28 23 23 1 Triummaine x 1.92 8.5 10 30 23 7 23 7 23 7 4 84 1 7 1 Trium 2 200 2.4 12 1000 084 7 82 1 84 1 +11 1 75 1 82 84 25 1 88 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1  |
| 23% 28% Str.Jerated   | 2.50 6.8  | 1112 94 Transcrit R 0.28 2.8 9 3 101g 10 10 -14 2  |
| 22% 18% SCHART<br>29% 25% SEMANCO   | 0.40 1.7 10 458 33 225 227 1.4<br>1.22 5.7 12 34 213 214 215 215 4.6<br>0.92 3.1 11 700 293 294 294 294 4.1<br>1.23 5.4 13 5592 234 225 234 421<br>1.76 4.1 16 222 453 434 453 454 45   | 11 6 <sup>th</sup> Transpor 0.20 2.5 5 51 7 <sup>th</sup> 7 <sup>th</sup> 7 <sup>th</sup> 7 <sup>th</sup> 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1  |
| 45 37 2 SNETel<br>33 2 22 5 SW/W x  | 1.76 4.1 16 222 43 43 43 43 43 46 46 46 46 46 46 46 46 46 46 46 46 46   | 784a 569a Tribunox   1.20 1.8 1.4 825 1/784a 744a 764a +1   2  |
| 14% 10% SouthWEngy<br>34% 30% SouthWhPSv  | 0.24 1.7 25 32 1432 1434 143  | 38 30 <sup>1</sup> k Trinty 0.65 1.0 12 3007 35 <sup>1</sup> k 34 <sup>5</sup> k 34 <sup>7</sup> k + <sup>1</sup> k 8<br>36 27 <sup>1</sup> k Trinte 0.80 2.4 10 267 33 <sup>1</sup> 2 32 <sup>7</sup> k 33 <sup>1</sup> k + <sup>1</sup> k  |
| 4 <sup>1</sup> a 3 <sup>1</sup> 4 Sparton Cp<br>14 9 <sup>3</sup> 4 SphersD   | 4 80 04 <sup>3</sup> s 4 <sup>3</sup> 2 4 <sup>3</sup> 2<br>0.04 0.4 5 34 10 <sup>3</sup> s 10 <sup>3</sup> s 10 <sup>3</sup> s<br>1.32 2.7 12 123 948 <sup>3</sup> s 47 <sup>3</sup> s 48 <sup>3</sup> s +1 <sup>3</sup> s   | 50% 47% Trime 0.10 0.2 80 1850 40% 40% 40% 41% 41% 12% 16% Trush 0.88 22 23 740 27 25% 25% 41% 34% 11% 13% Trush 8 33 883 14% 14% 14% 14% 15% 5% 3% 100% 100 0.20 3.5 22 2444 45% 5% 5% 5% 41%   |
| 451 <sub>2</sub> 343 <sub>6</sub> Spare x<br>271 <sub>8</sub> 135 <sub>8</sub> SPX  | 1.00 2.3 15 5952 4334 4134 4834 +234<br>0.40 1.5191 08 2676 2832 2834<br>0.40 4.4 2 122 9 9 9   | 46% 444 Tupper 17 1612 45% 44% 44% -1 2 2 4 7 3 3 7 17 1612 15 14 0 5% 0 +1 3  |
| 431s 365s StFedenc  | 0.76 1.9 10 267 40½ 39¾ 40⅓ +½<br>0.32 1.5 15 33 18¾ 185 185 -¾   | 471s 323s Tycel 0.20 .0.5 21 1927 411s 401s 411s +11s 6  |
| 28 <sup>1</sup> 4, 16 <sup>3</sup> 5 StriProi<br>32 <sup>7</sup> 4, 25 <sup>1</sup> 5 Striplex  | 0.66 2.5111 124 287 264 267<br>0.72 2.8 11 267 275 27 274 45  | 7 34 Types 7 0.10 1.9 5 502 52 54 55 54 65 4 0 24 Types 0 57 25 24 24 24 25 35   |
| 7012 5632 StarBnc   | 0.72 23 48 573 371 Mile 313 + 17  | - U -  |
| 26 <sup>3</sup> g 23 <sup>3</sup> g Starrett<br>62 <sup>3</sup> g 41 <sup>3</sup> g StarteSiBo 1<br>13 <sup>5</sup> g 10 <sup>3</sup> g StartgBcrp x (<br>15 <sup>3</sup> g 7 <sup>3</sup> g StartgBcrp x ( | 1.88 2.7 14 334 1701 861 70 +10<br>0.72 2.8 12 50 261 261 261 +1<br>0.72 1.4 16 635 6527 525 525 +1<br>0.32 2.8 11 134 113 114 114 12   | 77. ol. 100 11 6 71. 71. 1   |
| 19 <sup>1</sup> 8 14 <sup>3</sup> 2 StrEl<br>81 <sup>3</sup> 8 48 <sup>3</sup> 4 StertoSerre  | 0.02 2.8 11 134 113 114 114 114 13<br>0.09 0.7 6 327 113 113 113 113 114 114 13<br>10 420 185 143 143 143 143 143 143 143 143 143 143   | 357g 303g UST x 1.48 4.4 15 2914 337g 333g 333g +12 601g 3812 UAL 10 828 573g 57 5712 +12 36   |
| 37% 32 Stone 6 Web (  | 200 111 41 100 45 00 00 T   |  |
| 33 <sup>3</sup> s 21 <sup>1</sup> 2 Step Shop<br>36 <sup>1</sup> 2 22 Stricts<br>34 <sup>7</sup> s 25 <sup>1</sup> s States   | 0.60 3.9 3 2250 15 15 15 15 15 15 15 15 15 15 15 15 15  | 28 <sup>1</sup> 4 27 <sup>1</sup> 4 Unilling 0.52 1.8 21 1190 128 <sup>1</sup> 4 27 <sup>2</sup> 4 28 <sup>1</sup> 2 1 <sub>2</sub> 22<br>28 <sup>1</sup> 4 18 <sup>1</sup> 5 Unilling 0.12 0.5 21 31 22 <sup>2</sup> 4 22 <sup>1</sup> 2 22 <sup>1</sup> 2 1 <sub>4</sub> 22<br>87 72 <sup>1</sup> 4 Unilling 1.90 2.5 15 118 78 <sup>1</sup> 2 78 <sup>1</sup> 4 78 <sup>1</sup> 4 + 12 10   |
| 10% 612 Stridelille x (<br>5112 275g Sturia Hijer x 1   | 120 2.1 39 1406 912 918 958 +14<br>1.60 3.1 24 768 u5112 4014 5112 +112   | 1864 (20) Unimw 3.14 2.3 10 1015 180 1 130 |
| 4 <sup>3</sup> 0 3 <sup>5</sup> 0 Sun Energy (<br>58 <sup>1</sup> 2 44 <sup>1</sup> 0 Sunner  | 0.27 8.5 12 23 416 4 416 +16<br>0.60 1.1 18 410 574 564 57 +14  | 22 <sup>1</sup> <sub>8</sub> 18 <sup>1</sup> 4 Union Corp 775 318 u22 <sup>1</sup> <sub>8</sub> 20 <sup>1</sup> <sub>8</sub> 21 <sup>3</sup> 4 +2 <sup>1</sup> 4 28<br>.56 48 <sup>1</sup> 2 Uniol 3.50 3.50 7.2 x100 48 d48 <sup>1</sup> 2 48 <sup>1</sup> 2<br>.68 18 <sup>2</sup> 2 Uniol 4.50 7.3 2 62 462 62  |
| 38 <sup>1</sup> 2 32 Suntst (   | 0.90 2.1 14 779 375 367 375 +12   | 44 <sup>1</sup> g 38 <sup>1</sup> g Unifie: 2.50 8.3 13 1474 367g 30 <sup>1</sup> g 36 <sup>2</sup> g 4 <sup>2</sup> g 73 <sup>1</sup> g 84 <sup>1</sup> g Unifie: 1.72 2.4 10 4197 72 <sup>1</sup> g 70 <sup>2</sup> g 72 <sup>3</sup> g +1 <sup>3</sup> g 32 28 <sup>1</sup> g Uniformal 1.08 3.5 10 785 31 <sup>1</sup> g 31 31 <sup>1</sup> g + <sup>1</sup> g   |
| 28 <sup>1</sup> 4, 23 <sup>3</sup> 4 Superior 0<br>33 30 <sup>1</sup> 4 Superior 0  | 0.24 0.9 10 723 u28 <sup>1</sup> 4 27 <sup>5</sup> g 28 <sup>1</sup> 4 + <sup>1</sup> 2   | 2014 175g UnionToront 0.20 1.0 19 2349 1914 18 1914 +3g 152  |
| 48 31% Sumbol Tes   | 0.38 1.8 173 21 2074 2074<br>24 428 445 441 443<br>0.20 2.5 13 6 0 73 73 14   | 50 <sup>1</sup> 4 36 <sup>3</sup> 5 UkdAsset   |
| 251g 1712 Synowus Fit 0<br>3514 2812 Sysco 0  | 144 19 22 463 23 2 22 23 23 4 -19 1<br>152 1.5 23 2886 34 33 34 34 4 4 1  | 69 513 Utdernore 0.03 0.1 5211413 5614 5312 5412 +138  |
|   | -т-   | 48 55-2 Limitenson 2.88 7.7 8 48 574 37 574 44 2 2 2 2 2 2 2 2 2 2 2 2 2 2 2 2 2   |
| 38 295 TCF Financ O.  | 20 4.6 6 297 428 444 423 448 175 2.2 18 1518 3974 3975 3975 418   | 1726 1444 (1899)6 1120 1.3 113904 19 1546 1546 1   |
| 958 814 TOW CONV B D.<br>5812 4814 TOM COMP A D   | AS 08 50 27 57% 574 57% 4%  | 295 224 USHome 7 192 2512 2514 2514 +12  |
| 28 <sup>1</sup> 4 13 <sup>1</sup> 2 TMP Enterp 0  | 108 8.0 2 25 118 1 1 18 128 18 18 18 18 18 18 18 18 18 18 18 18 18  | 118 90-2 00010C2 2.20 2.0 18 1710 111-8 100-8 111-6 +1-4   Da  |
| 25 <sup>3</sup> 6 19 <sup>1</sup> 2 Telepho Fd 0<br>8 <sup>5</sup> 8 6 <sup>1</sup> 2 Telephol 0  | 201 2.3 14 7/0 637 34 74 3 464 117 128 0.1 631 22 217 22 217 217 4 14 14 14 14 15 15 15 15 15 15 15 15 15 15 15 15 15   | 1372 12 Usummann 1352 7.1 10 173 1344 13 13 -44 130 2054 2354 colored 10 130 3054 2352 2352 2354 3552 454 2052 2352 2352 2354 3552 454 2552 2352 235   |
| 52 <sup>3</sup> 4 45 <sup>3</sup> 2 Timbrels x 1.<br>15 <sup>3</sup> 4 0 <sup>3</sup> 8 Tandom  | 643 4520 12% 12% 12% +%   | 284, 224, (sheet Cp 1.02 1.9 18 505 257, 257, 257, 257, 257, 257, 257, 257   |
| 10 <sup>3</sup> 4 9 <sup>7</sup> 6 Teurus Mun 9<br>2 <sup>3</sup> 4 2 TCChris   | 19 44 2le (C 2le  | 23 <sup>1</sup> 2 17 <sup>1</sup> 2 US ind 51 267 22 21 <sup>1</sup> 4 22 +12 18 <sup>1</sup> 2 17 <sup>1</sup> 2 US ind 51 267 22 21 <sup>1</sup> 4 22 +12 18 <sup>1</sup> 2 17 <sup>1</sup> 2 20 <sup>1</sup> 2 US what 2.14 8.5 13 7514 33 32 <sup>1</sup> 4 33 4.74 14 <sup>1</sup> 4  |
| 27 23 Yaca Esery 1<br>19 <sup>1</sup> 8 30 <sup>1</sup> 2 Tidenx 0<br>90 <sup>3</sup> 8 23 <sup>5</sup> 8 TeleDa 1  | .12 4.7 14 1632 24 23 5 24 + 16 1.50 1.6 12 589 38 37 4 37 7 1.10 4.7 10 2210 25 16 24 7 24 7 24 7 10 2210 25 16 24 7 24 7 10 2210 25 16 24 7 10 24 7 10 25 16 24 7 10 24 7 10 25 16 24 7 10 25 16 24 7 10 25 16 24 7 10 25 16 24 7 10 25 16 24 7 10 25 16 25 16 24 7 10 25 16 25 16 24 7 10 25 16 25 | 31 17½ USA WatSv S5 2746 LC1 205 3032 452 101 932 USLIFE Inc 0.80 8.5 0 28 934 934 932   |
| 10 <sup>1</sup> g 24 Tektyn 0<br>54 <sup>3</sup> g 42 <sup>3</sup> g 7oloEepSA 1.<br>18 <sup>3</sup> g 28 <sup>3</sup> g 7okoax 0   | 1.74 1.0 10 214 38 37/2 38 +12 1.37 2.5 10 957 53 32 53 -14 1.92 2.7 11 13836 3872 3314 3372 +12  | 22% 17% USX M 0.68 3.1120.5860 313 213 213 213 37% 29% USX US 1.00 3.3 0.8421 30% 28% 30% 112 112 112 112 112 112 112 112 112 11   |
| 18 <sup>1</sup> 4 29 <sup>2</sup> 4 Teknex 0.<br>71 <sup>7</sup> 8 39 <sup>2</sup> 8 Trapini x 1.   | 20 25 10 879 487, 481, 481, 481,  | 30% 27 Utilicorp 1.76 6.5 14 254 21% 27% 27% 4   |
|   |   |  |

| ***** * * ****   | 63 <sup>1</sup> g 47 <sup>5</sup> g VF Cp 1.44 2.3 26 1390 63 <sup>1</sup> g 62 <sup>1</sup> g 62 <sup>5</sup> g - <sup>1</sup> g 23 22 <sup>1</sup> g Venue 0.52 1.9 988 27 <sup>1</sup> g 27 <sup>1</sup> g 27 <sup>1</sup> g 27 <sup>1</sup> g 7 <sup>1</sup> g 45 <sup>2</sup> g 27 <sup>1</sup> g | Acme Milis<br>Acatore Cp<br>Adaptech<br>ACE Tele<br>Addington<br>Adinaba Sye<br>Adv Logic<br>Adv Polyta<br>Advitch ala<br>Advanta 2  |
|--|--|--|
| -J <sub>2</sub> +1 <sup>3</sup> 4 + <sup>4</sup> 4 +1 +3   | 50% 22% Varity 15 4053 48% 47% 47% 11% 35% 20% 50% 114 3845 31% 30% 30% 50% 50% 114 3845 31% 30% 30% 50% 50% 50% 50% 50% 50% 50% 50% 50% 5   | Agricolia<br>Alchor<br>Alcon Adri<br>Alam Org<br>Allam Ph<br>Aldicapi<br>Ald Cap<br>Aloctia C<br>Alla Cap<br>Aloctia C<br>Aloctia C<br>Alo |
| المتواجعة والمواجعة والمعاجمة والمواجعة والموا | 24   | Am Banker Am Chay Am Mayag Am Softwa Am Fritays Am Softwa Am Fritays Amgen inc Am Trey Amgen inc Amtent Cp Anningic Amtent Cp Andros An Acquee Bio Acquee Argensat Anninin Argensat Autolat Astrondale Bellytestin Benderacp B   |
|  | ** X = Y = Z =  162 116  | Bennet F 2 Bay View Baybands BE Aero BeautiCos BE Aero BeautiCos Brinden BeautiCos Bit Ac Bit   |
|  |  | C Tec<br>CadSchaps 1<br>CadausCon0   |

|                      |      | _        |       |                         |         |                   |       |            |      | _    | <u>A</u> | <u> N</u>         | 41                | <u> </u>          | <u> </u> | PRI         | C    | E      | <u> </u>    |      |                   |        |                         |               |             | 4    | pm cit                    | 180 JU          | ma i               |
|----------------------|------|----------|-------|-------------------------|---------|-------------------|-------|------------|------|------|----------|-------------------|-------------------|-------------------|----------|-------------|------|--------|-------------|------|-------------------|--------|-------------------------|---------------|-------------|------|---------------------------|-----------------|--------------------|
|                      |      | P/       | Sie   |                         |         |                   |       | Stock      | mile |      | Sta      | High              | Low               | Cione.            | Chea     | Stock       | Diu. | P/ 51  | t<br>c High | low  | Close (           | ا مع   | Stock                   | P/<br>Div. E  | 52s<br>100s | High | Low                       | Sage (          | Charles<br>Charles |
| Mack.                | Div. | E.       | 1005  | <b>High</b>             | Low     | Close             | Ching | Concd FbA  |      | 10   |          | 15%               | 5%                |                   | +1,      | Heico       |      | 30 27  |             |      | Z2 <sup>1</sup> 2 |        | MVR                     |               |             |      | 193                       |                 |                    |
| late Magn            |      | 28       | 68    | 19%                     |         |                   | +34   | CIDEBAT A  |      |      |          | 1814              |                   |                   |          | Hemodena    |      |        |             |      | 834               |        |                         | 0.10141       | 3669        | 1438 | 1418                      | 144             |                    |
| Me Inc               |      | 15       | 70    | 212                     | $2^{3}$ | 212               | +26   | Crown C A  |      |      |          | 1724              |                   | 1712              |          |             |      |        |             | _    |                   |        | Portui                  | 0.80 1        |             |      |                           |                 |                    |
| ipha ind             |      |          |       |                         |         | 1113              | -25   | Crown C 9  | 0.40 | 2    |          |                   |                   | 18 <sup>1</sup> 8 |          | instronCo x | 010  | 20 6   | 8 13h       | 121- | 13 <sup>1</sup> 2 |        | Planey A                |               |             |      |                           |                 | :1                 |
| in iar Pa            | 1.04 |          | 2     | 40<br>12 <sup>1</sup> 2 |         | 3934              | .1-   | Cubic      | 0.53 |      |          | 38 <sup>3</sup> 8 |                   |                   | -1       | Int. Coms   |      |        |             |      | 1012              |        | PMC                     | 1.12 12       | 17          | 154  | 13                        | 1348            | +40                |
| andehi<br>merExpi    |      |          |       | 13%                     |         |                   | +3    | Custowed   |      | 17   | 15       | 218               | 242               | 24                |          | Interresion |      |        |             |      | 165               | +4     |                         |               |             |      |                           |                 |                    |
| Mapal-Appl           |      | 59       |       | 5,2                     |         |                   | +1.   |            |      |      |          |                   |                   |                   |          | hotex       |      |        |             |      | 2812              |        | Reganitred              | 110           | Z  00       | 32   | #32                       | 32              |                    |
| SR Inva              |      |          |       |                         | 10      | 1814              |       | Di Inde    |      | 51   | 049      | 112               | 134               | 112               |          |             |      |        |             |      | _                 | - 1    |                         |               |             |      |                           |                 |                    |
| strainch             |      | 21       | 290   | 7.0                     | 812     | 7                 | _     | Ducosson   | 1    |      |          | 144               |                   |                   |          | Jan Bed     |      | 25 8   | 7 913       | 23.  | 23.               | الد    | S.M/ Corp               | 2.22 0        | 28          | 374  | 36%                       | 36 Z            | ع                  |
| dari                 |      |          |       | UBy                     |         |                   | +16   |            |      |      |          |                   |                   |                   |          | Kinerik Cp  |      | 11 4   | 3           | 17   | 2¾<br>4           | 30     |                         |               |             |      |                           |                 |                    |
| A XMDDW              |      |          | 108   | 818                     | _9      | 0                 |       | Eastn Co x | 0.48 | 24   | 7        | 1134              | 11b               | 113               |          | Kirby 840   |      | 48 58  |             |      |                   |        | Tab Proda x             | 0.20 22       | 40          | 7.7  | 73 <sub>2</sub>           | 73 <sub>R</sub> | -4                 |
| where the            |      | 46       | 5     | R-8                     | 372     | 358               |       | Echo Bay   | 0.07 | 357  |          | 124               |                   |                   | 12       | KogrEg      |      | 7 31   | 3 125       | 1212 | 185               | - 1    | Telf-Dane               | 0.40 28       | 428         | 44%  | 4412                      | 44%             | +4                 |
|                      |      |          |       |                         |         |                   |       | Ecos En A  | 0.32 | 27   | 24       | 012               | 812               | 822               | +lg      |             |      |        |             |      |                   |        | Thermedes               | 61            |             | 20 4 | 293                       | 2012            | 4                  |
| MAH Ocean            | 0.85 | 11       | 3     | 252                     | 218     |                   | -₩    | Edisto Ra  |      | 10   | 47       | 97                | 0%                | 917               | ***      | Laberna     |      | 72 141 | m163        | 101. | 101,              |        | Thermoins<br>TotPNA     | 0.39150       |             |      | 3914                      |                 | - 1g<br>- 1g       |
| adgerAftr :          |      |          | 10    | 2712                    | 2679    | 27                | -16   | Epitope    |      | 19   | 911      | 20                | 16 <sup>1</sup> 2 | 194               | 74       | Lager Ind   |      | 80 36  |             |      | 15                |        | TOWNCOMY                |               |             |      | 1,3                       |                 |                    |
| Saktemî A<br>Mîadr   | 0.04 |          | 213   | 2%<br>16,4              | 101.    | 161               | 3.    |            |      |      |          |                   |                   |                   |          | Larmer Inc  |      | 3 3    | 105         | 1012 | 10 <sup>1</sup> 2 | -4     | Trition                 | 9             | 149         | 812  | 12                        | 38              | À                  |
| eard                 | (LES | IU       | 12    | 24                      | 23      | 234               |       | Feb Inde x | 0.70 | 10   | 2        | 28                | 3612              | 283               | +18      | Lynch Cp    |      | 23     | 3 d85       | 3512 | 38 -              |        | Tubos Mex               | 4             | 318         | 9    | 812                       | Ð               |                    |
| lajes jakan          | 0.40 | 16       | 31    | 2412                    | 244     | 24 <sup>3</sup> 8 | +38   | Floa A x   | 2.80 | 15   | 12       | 5312              | 23 <b>3</b> 4     | 53 <sup>3</sup> 2 | 4        |             |      |        |             |      |                   |        | TURTE BIA               | 0.07115       | 98          | 263  | 2612                      | 265             | ٠,                 |
| In-Find A            |      |          | 159   | 36                      | 3512    | 35%               |       | Forest La  |      | 16 1 | 293      | 413g              | 47                |                   |          | Marcan      |      | 8 8    | 43          | 42%  | 4234              | 1      | रिक्रियाम् ।            | 0.07117       | 409         | 2/18 | 207                       | 2/48            | +-8                |
| CHIRAL .             |      |          | 268   | 213                     | 312     | 214               | -46   | Frequency  |      | 99   | 70       | 714               | 8%                | 7                 | -74      |             | 0.48 | 20 36  | 374         | 363, | 373               | - 1    |                         |               |             |      |                           |                 |                    |
| cwae                 | 0.36 | 10       | 840 I | 2314                    | 214     | 2314              | +2    |            |      |      |          |                   |                   |                   |          | Mary Co     | 0.20 |        |             |      | 4%                |        | JidFoodsA               | 38            | 12          | 2    | 2                         | -12             |                    |
| macan A              | 1.04 | 23       | 85    | 155                     | Brill   | 1932              | -3    | Garan      | 0.66 | 15   | 3        | 18%               | 18%               | 1834              |          | Mirromedia  |      |        | 1434        |      |                   |        | UndFoodsB<br>DS Celluir | 0.20 32<br>25 | 58          | 172  | 314                       | -11             | 4                  |
|                      |      |          |       |                         |         |                   |       | Glassi FdA | 0.76 | 20   | 643      | 347               | 341               | 345               | +12      | Milwid      |      | ,      | 858         |      |                   | -76 }  | No Compa                |               | - 30        | 31.4 | 3174                      | J1 74           | -                  |
| alprop               |      | 2        | 10    | - 4                     |         |                   |       | Glat Str   |      |      |          | 17%               | 175               |                   | +49      | Moog A      |      | 17 S   |             |      |                   | - 1    |                         |               | -           | -01  | -                         | 401             | . 7                |
| ordina:              |      |          |       | 484                     | 484     | 4634              | 7     | Boldfield  |      | 10   | 79       | 3                 | ñ                 | Å                 |          | MSR Expl    |      | 15 5   | 15          | 12   | 14                |        | AncomA<br>AncomB        |               |             |      | 39 4<br>40 <sup>1</sup> a |                 |                    |
|                      | 0.14 |          | 0     |                         |         | 97                | -1    |            |      |      |          |                   |                   |                   |          |             |      |        |             |      |                   |        |                         | 1.12 10       |             |      |                           |                 |                    |
| intri FdA<br>Xxminco | 0.01 |          | 273   | 616<br>23la             | 203.    | 516<br>2318       | -16   | HemDir     |      |      | 719      | 1,4               | 1,2               | 14                | 76       | MaiPatDev   |      | 81 14  |             |      |                   |        |                         | 2 10          |             | 8    |                           | 8               | •                  |
| Applich              | 0.30 | 10<br>36 | 287   | 12%                     | 121     | 1212              | J.    | Heebro     | 0.40 | 21 1 | 988      | 35                | 375 <sub>2</sub>  | 38                | +14      | MY TOP X    |      |        |             |      |                   |        |                         |               | cn.         | -,   | <b>61</b> .               | m13             |                    |
| initionizac          |      |          | 51    | 2.2                     | 2,2     | 2.2               |       | Health Ch  |      | 00   |          | 2                 | 1%                | 2                 | +10      | NumecE      | 1    | 12     | 442         | 412  | 412               | +/4 !) | tymonix                 | 4             | 684         | 318  | 24                        | <b>218</b>      | 10                 |

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| Chigo<br>Pres.<br>(Poss                       | 80cck Nr. E 100s High Low Last Chap<br>ACC Corp. 0.12 83 1803 413- 383s 41 +7   |   |   | PY Sto<br>Stands 20m, É 1000 High Love Laut Chan   |
|   | Accieire E 13 1283 117 <sub>6</sub> 111 <sub>2</sub> 115 <sub>8</sub><br>Acres Mils 8 13 17 17 17   | DH Tech 20 13 27 27 27<br>Digital 18 952 29 <sup>1</sup> 2 29 29 -  | - L -   | - R -<br>Pannow 17 168 22% 22% 22분 - 년   |
| - 14<br>142<br>142                            | 1 destroy 40 301 1037 327 327 17  | 2 Dig Scand 6 6583 125 135 25 +   | Land Furn 0.18 2 166 11 <sup>1</sup> 4 10 <sup>7</sup> 6 17 16 1<br>Land Rech 732577 36 33 <sup>1</sup> 4 34 3 <sup>1</sup> 4 1   | Radys 1 428 3½ 3½ 3½<br>Raymond 0.10 9 144 17¾ 17¼ 17½ .½  |
| _   | Addresson 1911233 22 20% 21% +% Addressor 0.19 27 3 131% 31% 31% +%   | Diones Cp 21 133 36 <sup>3</sup> 4 35 35 <sup>3</sup> 4 - Diole Ym 0.20 1 361 5 <sup>3</sup> 8 5 <sup>3</sup> 8 5 <sup>3</sup> 4 +  | Lancaster 0.68 14 163 37 <sup>1</sup> 2 37 37 2 4 163 16 16 16 16 16 16 16 16 16 16 16 16 16  | ROSB Fin 948 10 671 a243, 24 243, 3,<br>Resd-Rite 913793 243, 235, 45,<br>Recoton 13 5211 173, 163, 173, 45,   |
| 112<br>114<br>118<br>119                      | Adobe Sys 0.20 3013183 37 <sup>1</sup> 4 35 <sup>1</sup> 2 36 <sup>3</sup> 4 + <sup>2</sup> 6<br>Adv Logic 15 911 9 <sup>5</sup> 8 9 <sup>1</sup> 2 9 <sup>5</sup> 8 + <sup>1</sup> 4<br>Adv Polyna 10 2451 10 <sup>1</sup> 4 9 <sup>1</sup> 2 10 <sup>1</sup> 4 + <sup>2</sup> 6       | Dollar Gn 0.20 28 122 28 28 3 28 3 +  | Lamoptes 14 508 1034 10 1013 12   | Repligen 0.86 1 831 1 5 1 5 1 5 1 5 1 5 1 5 1 5 1 5 1 5 1  |
| +5<br>+14                                     | AdvitchLab 35 1702 u29 <sup>1</sup> 8 37 <sup>1</sup> 2 38 <sup>1</sup> 2<br>Advanta 2 0.36 16 857 55 <sup>3</sup> 4 54 <sup>1</sup> 2 54 <sup>3</sup> 4 - <sup>3</sup> 8   | DressBarn 15 2932 u12 <sub>1</sub> <sup>2</sup> 115 <sub>8</sub> 12 <sup>1</sup> 4 + <sup>1</sup>   | Landsco 6 16 6135 33 <sup>2</sup> 5 31 <sup>1</sup> 4 31 <sup>2</sup> 6 -1 <sup>2</sup> 6<br>Landsco Pr 0.52 13 209 23 <sup>1</sup> 2 23 <sup>1</sup> 4 23 <sup>1</sup> 2   | RearchMed 26 1240 257g 24% 213g -1,7<br>Resound 30 545 12% 12 12<br>Routens 0.55 29 2038 70 6612 697g -1%  |
| 112   | Agricolia 0.10 50 603 193 181 181 181 181 181 181 181 181 181 18  | Drag Empo 0.08 23 54 47 418 42 +  | 2 LEGRETS 35 11// /-4 0/g /1g   Like 76ch 0.24 29 110 311 <sub>8</sub> 311 <sub>x</sub> 211 <sub>8</sub> +-3 <sub>8</sub>   | Finer Fet 0.50 11 320 u30 <sup>1</sup> 2 30 30 <sup>1</sup> 4<br>RondwExpr 0.20 35 592 18 <sup>7</sup> 3 10 <sup>1</sup> 4 16 <sup>1</sup> 2   |
| 44.   | Abdid 0.86 21 767 25% 2512 2534<br>Allen Org 0.52 12 68 3734 3752 3734  | Destron 0.52 20 795 29 27 <sup>1</sup> 2 27 <sup>1</sup> 2 -1 <sup>1</sup><br>Dynatoch 44 3331 u35 34 <sup>1</sup> 4 34 <sup>1</sup> 2 -  | B Lighted 0.32 10 3 15 15 15  | Robiges 8.12 14 170 0 51 <sub>2</sub> 51 <sub>2</sub> -1 <sub>2</sub><br>Roosevest 062 15 6042 1014 18 181 <sub>2</sub> - <sub>12</sub><br>Ross Str 023 19 5899 417 <sub>8</sub> 401 <sub>8</sub> 41 <sub>8</sub> 41 <sub>8</sub> 41                                 |
| 4   | Allian Ph 10 2022 313 21 21 -12<br>Allid Capi 1.40 10 33 181 173 181 11 11 11 11 11 11 11 11 11 11 11 11  |   | LinearTec 0.19 10 8631 3234 2132 3134 -34   | PotecidAed 28 1248 22 2014 2014 12<br>1994 Inc. 0.48 16 2525 1165 1534 16 -53  |
| •   | Aloetin C 0.32 22 12 41 <sub>6</sub> 57 <sub>6</sub> 41 <sub>6</sub> +1 <sub>4</sub><br>Alin Gold 0.08 27 3550 41 <sub>4</sub> 363 363 -1 <sub>6</sub><br>Aliena Co 2336/30 47 441 <sub>2</sub> 451 <sub>4</sub> -21 <sub>4</sub>   | Engle Fd 3 457 41 <sub>6</sub> 43 <sub>6</sub> 43 <sub>8</sub>  | Loswes Sp 0.10 55 1948 291 <sub>2</sub> 29 291 <sub>8</sub> -1 <sub>8</sub>   | hyman Fmby 14 1262 9 5 9;1 914 → 12  |
| ᆚ   | Am Benter x0.80 10 595 39 38% 38% 38% 44<br>AmCNoy 0.10 2 132 8% 7% 0 +%  | ECI Tel 0.08 21 809 263 284 263 4<br>Eggheed 21 7484 #157 1232 1858 +1  | Lowe Star 21 375 11 12 11 11 14 LTX Cp 11 7028 10 2 97 10 4 +1  | - S =<br>Salecco 1 18 9 4480 33% 33% - %   |
| 7   | Arn Manney 30 2524 305g 20 3014<br>Arn Softwa 0.32537 768 55g 51g 53g<br>Ann Fritage 52 297 125g 123g 125g +14  | BectrSci   15 173 251, 251, 251, 251, Encartes   1.57 5 197 u531, 527, 527, +1     Bectrins   41 7625 211, 38 311, -1   | S   | Safficialists  |
| +1 ½<br>+14                                   | Amerika 0.64 17 3929 27 265 <sub>8</sub> 263 <sub>4</sub> .1 <sub>6</sub><br>Amirik 3 780 .1 12 33<br>Amirik 2.52 0 5 661 <sub>2</sub> 653 <sub>4</sub> 663 <sub>4</sub>  |   | - M -   | ichimberA 038 27 1356 v25½ 25½ 25½ 25½ 2½<br>iCt Systm 18 3829 44½ 44¼ 44½ 3 .¼<br>iclos 9 2005 7½ 0½ 9½ 1,  |
| 4   | AmPerCom 17 5402 12 <sup>1</sup> 2 12 12 <sup>3</sup> 8 +12<br>Am Tree 13 1527 21 <sup>1</sup> 8 26 <sup>5</sup> 8 21 <sup>1</sup> 8 +76  | EngyMatrs 22 12 33 2 33 33 2 2 EnvisSres 12 10 15 15 15 15  | MS Cars 22 34 194, 19 18 -4, 5<br>(Mac Mill 0.80 7 186 127, 127, 127, +3, S   | iches.Co 0.52 17 446 197g 194g 195g - 12<br>icone Brot - 4 590 47g 44g 45g - 14<br>iconeBrot - 1.20 36 80 394g 387g 337g - 5g  |
| + 1 <sub>8</sub><br>+ 1 <sub>9</sub><br>- 2 4 | Amgen Inc 2910197 60 <sup>5</sup> 2 59 <sup>3</sup> 2 80 <sup>3</sup> 3 + 73<br>Anstech Cp 0.65 38 584 6 <sup>1</sup> 3 8 <sup>7</sup> 3 8 <sup>1</sup> 2 + 73<br>Anniogic 0.20 35 441 u28 28 <sup>1</sup> 2 27 <sup>1</sup> 2 + 72   | EquityON 0.10 50 494 0 5% 5% +<br>Ericans 0.92 2414433 u23% 22½ 22.77 -4  | Magna Gry 0.88 12 180 2414 24 2414 +14 S<br>Mad Box 0.01 24 1016 10 1612 1758 +118 S  | BCp 0.74 21 289 22 21 <sup>7</sup> 2 22 + <sup>3</sup> 2<br>inchels 0.36 10 215 2 <sup>3</sup> 8 2 <sup>1</sup> 2 2 <sup>1</sup> 2 - <sup>1</sup> 4  |
| -3  | Armheis 0.80 24 56 42½ 41½ 41½<br>AcangelAss 1.00 0 8 10¼ st10 10 ¼<br>Andrew Cp 41 2115 54½ 53½ 53½ ½  | The same and and and  | Marine Dr 337 4210 105g 101g 101g -1x   | equent 15 3474 16 1314 14 - 76 equent 93 699 374 314 314 314 414   |
| 4   | Andros An 51 x100 174, 173, 173,<br>Apogee En 0.34 23 2865 u303, 29 304, +14<br>AFP Bio 39 405 94, 03, 93, -16  | Exceller 107 353 185 <sub>8</sub> 183 <sub>4</sub> 183 <sub>4</sub> -1<br>ExideBox 357 143 <sub>8</sub> 133 <sub>4</sub> -1   | MarshSmA 0.44 11 0 10 1212 1212 S<br>Marshall x 0.74 14 1235 2778 2712 2758 -18   | erv tech 83 180 0% 5% 5%<br>evenson x 0.22 13 200 19% 19% 19% 19%<br>brided 0.84 39 1970 68% 67% 68 %  |
| 4.4   | Applic Line 934602 35 341g 343g -1<br>Applic 0.48 446467 251g 241g 251g +18   | EzzorpAnv 5 516 7 6 7 +3  | Madria Hz 480 858 858 878 -18 S   | hTichFeit 83 680 012 816 816 -14<br>horewood 15 463 1614 1018 1612 +18   |
| <b>-1</b> 0                                   | Applebees 0.86 27 3569 29 <sup>3</sup> s 29 <sup>3</sup> s 28 <sup>3</sup> s -1s Arbor Dr 0.29 10 231 19 <sup>3</sup> s 10 <sup>7</sup> s 18 <sup>1</sup> s Arcton 0.24 17 374 9 <sup>3</sup> s 9 <sup>3</sup> s 9 <sup>3</sup> s - <sup>2</sup> s - <sup>2</sup> s                     | -F-   | McGreto R 0.56 11 17 28 2 20 20 20 4 1 5<br>McCormic 0.56 28 801 22 2 22 22 22 4 3 8  | ionta Dn 60 1659 u47 44 ½ 46 ¼ +1 ¼<br>iomāl x 0.44 20 738 57 56 56 ¼ - ¼  |
| -14<br>-14                                    | Argonaut 1.48 10 40 31 <sup>3</sup> g 31 <sup>3</sup> g 31 <sup>3</sup> g 41 <sup>3</sup> g<br>ArkSwiDet 0.24 2 551 0 7 <sup>5</sup> g 7 <sup>3</sup> g + <sup>1</sup> g<br>Armor Al x 0.84 45 1704 15 <sup>3</sup> g 15 15 <sup>3</sup> g + <sup>2</sup> g                             | Fall Stp 10 110 07g 63g 63g -1<br>ferr Cp 0.24 14 874 x147g 137g 144g +1<br>featenat 0.02 58 477 464g 453g 454g -1  | Melamine 0.24 18 64 91 <sub>2</sub> 9 0 -1 <sub>0</sub> S   | IgmeDes 14 855 12¾ 12¾ 12¾ 12¼ +¾<br>24cmWBc 0.06 12 10 25½ 24¾ 25¾ +¾<br>25cmWGp 10 3586 24 22¾ 22¾ -1  |
| - <u>1</u> -                                  | Armold in 0.44 14 1198 18 <sup>3</sup> 2 14 <sup>3</sup> 2 15 -14<br>Arisest 7 8946 u11 14 11 1114 +12  | FirmTord 1.04 10 1980 554 544, 544, -4  | Membris 0.24 22 5729 s18 <sup>1</sup> 2 18 <sup>1</sup> 8 18 <sup>2</sup> 8 + <sup>1</sup> 4 5<br>Membris 0.92 11 1650 25 <sup>7</sup> 2 25 <sup>1</sup> 2 25 <sup>5</sup> 8 - <sup>1</sup> 4 5   | impson x 040 13 185 m10 <sup>1</sup> 4 0 <sup>7</sup> 8 10<br>mithEnvT ? 80 2 <sup>3</sup> 4 2 <sup>3</sup> 4 2 <sup>3</sup> 4 + <sup>1</sup> 8  |
| + 1.<br>+ 1.                                  | ASPECTION 43 491 545g 531g 531g 55g<br>AST Rench 9 969 77g 73g 75g -14<br>Alldmann 29 3 127g 131g 131g  | Piggle A 0.24 63 302 1434 1458 1458 -1<br>Fitenet 562 3911 47 <sup>1</sup> 2 44 45 -24  | Morcury 0 0.96 13 342 44% 43% 44% +% S<br>Mortes 1 2624 47 47 48 48 +7 S  | metries 56 425 27 29 4 27 4 4 othware? 2 89 2 4 2 2 2 2 2 4 0 000000000 2 89 27 8 27 8 27 8 27 8 27 8 27 8 27 8  |
| 148   | Aff SEAir x 0.38 10 4711 27 285 265 4 4<br>Atmel 2416732 345 333 337 114<br>AuruSys 778700 41 025 3.49 -52  | First Am 1.24 11 1798 445 437 447 +2<br>First Secty 0.84 15 3294 251 241 241 +1<br>First 7enn 1.06 13 929 331 321 33  | Methode A 0.18 28 1193 1734 1734 1758   | piegol A 0.20 85 9990 u11½ 10¾ 11¼ +¾<br>pygimen 07 1038 26¾ 25½ 25½ -5g<br>t JudolAd 0 40 1812606 37 35¼ 35¾ -1¼  |
| +4<br>+4                                      | Austrik 0.24 31 5267 343, 341 <sub>2</sub> 343 <sub>4</sub> +1 <sub>6</sub><br>Autointo 2 68 53 <sub>2</sub> 32, 32,  | Fabrierit x 1.08 21 121 31 30 <sup>3</sup> g 30 <sup>3</sup> g 31 <sup>3</sup> g -1 <sup>7</sup> g<br>Frutmiss 29 859 37 <sup>1</sup> g 35 <sup>7</sup> g 36 <sup>3</sup> g -1 <sup>7</sup> g<br>Floory 23 503 31 30 <sup>5</sup> g 31  | Michael F 0.20 12 870 11½ 10⅓ 11½ +⅓ Si<br>Microsos 384 7908 p(8⅓ 14⅓ 15⅓ +⅓  | PaulBc 0.40 12 520 24% 23% 23% -&<br>try8f 1 247 33 % % -&   |
| +3  | Avondale 0.92 9 132 18% 18% 18% +14   | Flowent 20 2231 10 <sup>1</sup> g 8 <sup>5</sup> g 9 <sup>5</sup> g + <sup>1</sup> g<br>PhDa/GTI 27 1096 19 <sup>1</sup> g 9 <sup>1</sup> g 10 - <sup>1</sup> g   | Micrograft 38 2898, 18 17 <sup>1</sup> 2 17 <sup>1</sup> 8 4 <sup>1</sup> 8 Si  | taples 41 7405 20 <sup>3</sup> g 20 20 <sup>1</sup> g + <sup>1</sup> q<br>tarbucks 63 7731 27% 26 27 <sup>3</sup> g + <sup>1</sup> l <sup>1</sup> g<br>to Micro 20 4836 17 <sup>3</sup> g 16 <sup>3</sup> g 17 <sup>3</sup> g + <sup>3</sup> g                       |
| 14<br>14<br>14                                | - B -<br>9E  S 0.50 35 1509 #13 <sup>1</sup> 2 12 <sup>1</sup> 4 13 <sup>1</sup> 2 + <sup>1</sup> 4   | FoodLA 0.11 20 8088 7 <sup>1</sup> 8 7 <sup>1</sup> 1 7 <sup>1</sup> 4 +2<br>FoodLB 0.11 20 2483 7 <sup>2</sup> 8 7 <sup>3</sup> 2 7 <sup>3</sup> 2<br>Forechner 70 678 14 <sup>5</sup> 8 13 <sup>3</sup> 4 14  | Mid Atl M 10 23 1934 1938 1934 -18 5  | to Regis 0.76 14 102 284 2512 2512 100 Tec 0.10 21 890 147 1412 147 100 100 100 11 259 318 3.5 3.8 4   |
| 14  | Baker J 0.06 3 1226 076 912 912 -16<br>Bidwnl 8 0.32 0 1015 118 11 17 12 18 +14   | Foster A 0 405 474 4 474 +77<br>Fst Fini 0.60 8 118 23 <sup>1</sup> 2 23 23   | MRIETH 0.52 39 235 31 4 30 4 31 4 -12 St  | total 7 70 20% 20 20 transfer3 1,10 20 763 18% 18 18% +%   |
|   | BellyH&Tn   59 5½ 4½ 4½ 4½<br>  Banctec   40 65 20 195a 197a +1a<br>  BankersCp 0.56 10 266 173a 171a 171a +1a  | Fat Hawai x 1,18 11 689 29 <sup>1</sup> 8 28 <sup>3</sup> 8 28 <sup>3</sup> 4 4 <sup>3</sup> 2<br>Foliar HB 0.66 18 334 36 <sup>1</sup> 2 35 <sup>1</sup> 4 36 <sup>1</sup> 2 4 <sup>1</sup> 2<br>Folian Fig. 0.62 13 73 20 <sup>1</sup> 4 19 <sup>1</sup> 2 19 <sup>1</sup> 2 4 <sup>1</sup> 2                       | MobileTel 0 3743 1458 1438 1438 -18 S   | irmiogic 1,5160 8½ 5½ 5½<br>irmctiDy 311,5142 28½ 265½ 28 +¾<br>styles 0.08 27,5047,52% 52,52% +¼  |
| 4.      | Benkmorth x 1.00 10 450 3314 3214 331g<br>Banta Geo 0.44 13 8814 231 <sub>2</sub> 02224 231 <sub>8</sub> -3 <sub>8</sub><br>Banta Geo 1.44 13 8814 231 <sub>2</sub> 02224 231 <sub>8</sub> -3 <sub>8</sub><br>Banta Geo 1.64 13 8814 241 <sub>9</sub> 35 +3 <sub>4</sub>                | FutinedADR 1 338 12 12 58   | Modine Mt 0.88 12 1303 261 <sub>2</sub> 26 261 <sub>4</sub> -1 <sub>4</sub> Si<br>Moleco 0.06 21 1999 301 <sub>4</sub> 291 <sub>2</sub> 301 <sub>8</sub> +1 <sub>8</sub> Si   | Milyanii 15 55 11 <sup>1</sup> 2 11 <sup>1</sup> 8 11 <sup>1</sup> 4 -14 umitomoß 0.80 2 6 24 024 24 -78   |
| 14  | Besset F2 0.80 15 200 25 <sup>1</sup> 2 25 25 <sup>1</sup> 6 + <sup>1</sup> 8<br>Bay View 0.60483 412 34 <sup>1</sup> 4 33 <sup>1</sup> 4 33 <sup>1</sup> 2 + <sup>1</sup> 4  | -Q-   | Moscom 0.04195 2273 1514 1472 1554 +14 S  | uvumik Te 98 1656 17 <sup>3</sup> 8 10 <sup>3</sup> 4 19 <sup>3</sup> 4 - <sup>3</sup> 8<br>un Sport 8 2 3 <sup>1</sup> 8 3 <sup>1</sup> 8 3 <sup>1</sup> 8<br>unklic 2731125 u66 <sup>7</sup> 8 64 <sup>1</sup> 2 66 <sup>5</sup> 8 +1                              |
| 334   | Bisybensks 240 14 1230 108 <sup>1</sup> 2107 <sup>1</sup> 2 108 4 <sup>1</sup> 4<br>BE Aero 3 868 14 <sup>1</sup> 4 14 <sup>1</sup> 2 14 <sup>1</sup> 2 - <sup>1</sup> 8<br>BeautiCos 0.42 17 66 87 97 98   | 6 III App 58 20 3 <sup>1</sup> 2 3 <sup>1</sup> 2 3 <sup>1</sup> 2<br>G&X Serv 0.07 29 168 30 <sup>1</sup> 2 20 30 <sup>1</sup> 2 + <sup>1</sup> 2<br>Gentos 6 989 6 <sup>1</sup> 2 6 <sup>1</sup> 2 6 <sup>1</sup> 2 - <sup>1</sup> 2  | MTS Sys x 0.32 13 377 20 18 <sup>1</sup> 2 16 <sup>7</sup> 6 +1 <sup>5</sup> 8 St<br>Mycogen 8 307 18 <sup>1</sup> 4 17 <sup>5</sup> 8 17 <sup>1</sup> 4 - <sup>3</sup> 8 St  | utton Ps 235 131 12 <sup>1</sup> 4 11 <sup>1</sup> 4 11 <sup>1</sup> 4 - <sup>1</sup> 8<br>wift Tos 0.01 22 182 10 18 <sup>5</sup> 8 18 <sup>1</sup> 2 + <sup>1</sup> 4  |
| 14  | Branklery 18 226 18 <sup>1</sup> 2 16 18 <sup>1</sup> 2 + <sup>1</sup> 2<br>Branklery 18 226 18 <sup>1</sup> 2 16 18 <sup>1</sup> 2 + <sup>1</sup> 2<br>Branklery 0.52 14 302 44 <sup>1</sup> 4 43 <sup>1</sup> 4 44 <sup>1</sup> 4 + <sup>1</sup> 5                                    | Samet Rs  | S   | ybane inc       215 4942   237 <sub>8</sub> 237 <sub>4</sub> 237 <sub>4</sub>  |
| .1 <sub>8</sub>                               | BHA Grp 0.12 13 4 17 17 17 -1<br>Bi fac 87 1007 15 <sup>5</sup> g 14 <sup>7</sup> g 13 - <sup>1</sup> 2   | Gent Blood 0.42 15 814 22 21 2 22<br>Gentlyte 11 41 714 714 714   | NAC No 0.20 8 5 3212 3212 3212 5  | ymetic 62 207 35 <sup>3</sup> g 34 <sup>3</sup> 4 35 <sup>3</sup> g 4 <sup>3</sup> g<br>yatmSoft 0.10 22 2777 18 <sup>3</sup> 4 16 <sup>3</sup> 4 16 <sup>3</sup> 2<br>yatam&co 437 396 17 <sup>3</sup> 2 16 <sup>3</sup> 2 17 <sup>3</sup> 2 4 <sup>3</sup> 4       |
| 구<br>  구<br>  구                               | Big 8 x 0.20182 1104 10 95g 93g -3g<br>Bindley W 0.08 11 3 163g 163g 163g<br>Bingen 3025 7006 603g 593g 803g +3g  | Gentex Cp 4.00 45 1037 u47 46% 46% +% Gentex hic 9 3305 11% 1012 1014 -%  | Mat Compt x0.36 18 68 24 <sup>1</sup> 4 23 <sup>1</sup> 4 23 <sup>1</sup> 4 3 4 5<br>Ntro Sur 0.13 40 449 28 <sup>1</sup> 2 27 <sup>1</sup> 2 27 <sup>1</sup> 4   | ystemed 140 2009 2% 2½ 2½ -/a  |
|   | Biomet 18 4120 14 <sup>1</sup> a 13 <sup>3</sup> 4 74 + <sup>1</sup> a<br>Biock Org 1.18 6 271 44 <sup>3</sup> 4 43 <sup>3</sup> 4 43 <sup>3</sup> 6 - <sup>1</sup> 8<br>BMC Softw 32 5780 56 <sup>3</sup> 4 63 <sup>1</sup> 2 66 <sup>3</sup> a + 1 <sup>3</sup> 4                     | 8ewzyme 38 4195 58 56 <sup>1</sup> 2 56 <sup>2</sup> 6 -1, <sup>2</sup><br>Scolek Cm 6 6586 13 <sup>3</sup> 8 13 <sup>3</sup> 8 13 <sup>3</sup> 4 - <sup>1</sup> 8<br>Schoon St 0.40 5 1518 14 <sup>3</sup> 2 14 <sup>2</sup> 8 14 <sup>3</sup> 2 + <sup>1</sup> 4  | NEC 0.41 42 102 56 <sup>1</sup> 2 56 <sup>1</sup> 8 56 <sup>3</sup> 8 -1  | -т-  |
|   | Bootsen 5 x1.48 11 7760 40 384 49 -12<br>Bob Evens 0.32 21 2873 15 2014 2 14 12   | Galdings x 0.12 62 2263 173 17 173 438 630 64 430 14 134 14 434   | Neoster 18 429 5 <sup>3</sup> 8 5 5 <sup>1</sup> 4 7,<br>Netscape 787 9399 63 <sup>1</sup> 2 62 63 1 <sup>1</sup> 4 7,  | -Celsc 8 448 37g 37g 37g 41g<br>Nowalt 0.42 20 1374 28 271g 271g -1g<br>BC Cp 15 1631 491g 87g 9 +1g   |
| OF .  | Boote & 8 16 232 25 <sup>1</sup> 2 24 <sup>1</sup> 2 25 - 1 <sub>4</sub><br>Bortand 2610866 12 <sup>1</sup> 2 11 <sup>1</sup> 3 12 <sup>1</sup> 2<br>Boston Bk 0.78 5 24 41 <sup>1</sup> 2 41 <sup>1</sup> 3 41 <sup>1</sup> 3 + 1 <sup>1</sup> 4                                       | Glish Bloom   33   13   7 <sup>1</sup> 4   6 <sup>5</sup> 8   6 <sup>5</sup> 8   Glish   6   13 <sup>1</sup> 2   12 <sup>7</sup> 8   13   12   13   1096   10 <sup>3</sup> 8   9 <sup>7</sup> 8   10 <sup>1</sup> 8   14  | North Gen 41 3842 u25 <sup>1</sup> 4, 24 <sup>1</sup> 4, 25 + 40 Tr<br>Neurogen 28 385 30 <sup>1</sup> 2 29 <sup>1</sup> 2 30 - 1s Tr   | CA Cebbs 0.56 21 1086 28 <sup>1</sup> 4 28 <sup>1</sup> 4 28 <sup>1</sup> 2 27 60A 7076092 18 <sup>3</sup> 8 10 18 <sup>1</sup> 4  |
|   | Boston To 27 311 18 <sup>1</sup> 8 17 <sup>3</sup> 6 17 <sup>3</sup> 6 - <sup>1</sup> 4<br>BredyW A 0.40 21 787 27 <sup>3</sup> 8 25 <sup>1</sup> 4 26 <sup>1</sup> 2 + <sup>1</sup> 4<br>BRC Hidge 21 30 36 <sup>1</sup> 2 25 <sup>1</sup> 2 36 <sup>1</sup> 2 + 1                     | Gontosiano 0.80 25 248 241 <sub>8</sub> 237 <sub>9</sub> 24 -1 <sub>8</sub><br>Gradicoliya 14 1881 u5 4,2 47 <sub>8</sub> +3 <sub>9</sub><br>Granite 0.24 14 328 225 <sub>9</sub> 217 <sub>9</sub> 221 <sub>2</sub> -1 <sub>8</sub>   | Management 39 1068 71 4 69 3 70 3 -15 Te<br>Newpri Cp 0.02 20 40 634 612 958 Te   | scummen 1.04 10 47 53 <sup>1</sup> 2 52 <sup>7</sup> 8 52 <sup>7</sup> 8 - <sup>1</sup> 8<br>Refec 387 28 15 <sup>1</sup> 4 15 <sup>1</sup> 2 15 <sup>1</sup> 2 - <sup>1</sup> 8   |
| (II)  | Brenco 0.28 11 12/ 13 <sup>1</sup> g 12 <sup>7</sup> g 13 + <sup>1</sup> g<br>BSB Broco 0.88 12 134 26 <sup>1</sup> 4 25 <sup>1</sup> 2 25 <sup>1</sup> 2   | Green AP 0.28 8 10 20%, 19% 20%<br>Greenman 1 1296 13 13 13   | Nordson x 0.72 28 67 6014 5834 591g -11g To   | too Sys 22 574 17½ 16½ 16½ - 5g<br>tebit 1113495 e13½ 1252 1272 - 7g<br>Gaba 46 8901 63½ 60½ 63 +1   |
|   | 6T Shipeg 0.48 19 90 31 <sub>2</sub> 31 <sub>2</sub> 31 <sub>2</sub><br>Batiste 1011239 121 <sub>8</sub> 121 <sub>4</sub> 123 <sub>8</sub><br>Batistes 26 10 77 <sub>8</sub> 77 <sub>8</sub> 77 <sub>8</sub>  | GTI Corp   912 4762   8½ 0% 9½ +½<br>  BeNY Svg   12 507 11½ 11 11½ +½<br>  Symborea   31 4654   36 35½ 35½ -½  | Norstan 1 20 77 35 <sup>5</sup> g 35 35 <sup>5</sup> g + <sup>5</sup> g Te<br>M Ster Un 14 19 77g 77g 77g   | bon Cp 0.01 17 1530 1814 1734 1734 12<br>tra Tec 26 746 207 2874 2078 14   |
|   | Burr Brwn 0 372 21 <sup>3</sup> 2 19 <sup>3</sup> 4 20 <sup>1</sup> 6<br>ButlerMig 0.40 12 17 37 <sup>3</sup> 4 37 37   |   |   | vaPhADR 0.10 38 5111 u47 <sup>2</sup> 2 46 <sup>3</sup> c 49 <sup>3</sup> c +5 <sub>8</sub><br>ree Com 4318758 50 <sup>3</sup> 2 40 <sup>3</sup> c 50 <sup>3</sup> c + <sup>1</sup> c<br>14 3143 7 <sup>3</sup> c 6 <sup>3</sup> c 7 <sup>3</sup> c + <sup>1</sup> c |
|   | - C -   | - H -  Hruingt.sw 10 61 63 <sub>6</sub> 61 <sub>6</sub> 63 <sub>6</sub> Harinyvi 0.76 10 29 261 <sub>6</sub> 426 28 1 <sub>6</sub>  | Novellus 0 6030 46 <sup>3</sup> 4 45 <sup>1</sup> 2 46 -1 7J<br>NPC lut 104 59 9 <sup>5</sup> 8 9 <sup>7</sup> 4 9 <sup>7</sup> 4   | lot 0.22 10 1181 19 <sup>1</sup> 4 19 <sup>3</sup> 4 19 <sup>3</sup> 4 1 <sup>3</sup> 4 1<br>od-AO 0.06 23 40 18 <sup>1</sup> 4 15 18 <sup>3</sup> 8 + <sup>3</sup> 8<br>lyn Mar 0.32 22 2 65 65 85 ⋅ <sup>3</sup> 4   |
|   | C Tec 36 1661 29 28 287 <sub>2</sub> + 1 <sub>0</sub> CadSchwaps 1.04 15 10 311 <sub>4</sub> 307 <sub>2</sub> 307 <sub>4</sub> - 1 <sub>2</sub>   | Harper Sp 0.22 18 27 20% 20% 20% 20% -% 18 Harris Comp 0 602 20% 22% 22% 23%  | Tor   | m Brown 169 441 17 <sup>1</sup> p 187e 16 <sup>12</sup> + 1<br>obcAlph 541 25 <sup>1</sup> 4 25 <sup>1</sup> e 25 <sup>1</sup> 2   |
| _   | CadamasCom0.20 14 953 $18^{3}_{4}$ $19^{3}_{4}$ $18^{3}_{2}$ $+^{3}_{8}$ Core Cp 54 2399 $15^{3}_{2}$ $12^{3}_{8}$ 10 $-^{3}_{4}$ Calgara 2.25 1 971 $6^{3}_{4}$ $5^{3}_{23}$ $6^{3}_{4}$ $+^{3}_{6}$   | H90 & Co 0.16253 3910 12634 12532 12634 + 12<br>Healthcar 25 2974 501g 4914 50<br>Healthcar 0.66 10 60 91g 0 0  | - O -   TPI   | 205 Co   |
| 5   | Cat Micro 28 923 19½ 18¾ 19¼ +¾ Candeia 31 531 0 6½ 8½ +¾ Cades 22 445 2½ 2½ 2½ 1¾ +½   | Highdriftch 24 492 13 12 <sup>1</sup> / <sub>2</sub> 12 <sup>5</sup> / <sub>8</sub> <sup>1</sup> / <sub>4</sub><br>Hecklinger 0.10 2 7674 5 4 <sup>3</sup> / <sub>8</sub> 4 <sup>3</sup> / <sub>4</sub> + <sup>1</sup> / <sub>6</sub><br>Heided 10 141 10 9 <sup>7</sup> / <sub>8</sub> 9 <sup>7</sup> / <sub>2</sub> | Odesics A 44 354 181g 1712 177g +14 Tre   | nscend 57 671 113 <sub>8</sub> 107 <sub>6</sub> 11 -3 <sub>2</sub> confct 1.24 10 43 48 40 48 abis 64 1918 253 <sub>8</sub> 233 <sub>4</sub> 243 <sub>2</sub> +3 <sub>2</sub>  |
| 9   | Canon Inc. 0.52 32 24 853 943 953 +12<br>CarlsonCom 0.62 10 69 383 2384 383 -12<br>Cascade 0.96 15 347 143 14 14  | HamanTroy 17 952 u30 <sup>1</sup> 2 28 <sup>1</sup> 2 29 <sup>1</sup> 2 +2 <sup>1</sup> 2<br>Harbii 0.60 20 1260 15 <sup>1</sup> 4 14 <sup>7</sup> 8 14 <sup>7</sup> 8 - <sup>3</sup> 8   | Oglebay N 120 0 55 645 2 44 45 2 42 34 True OthioCar 160 10 396 35 34 2 34 2 34 7 True  | evisn 43 1324 7 4 7 3 7 1 3 4 eiseBKG #1.10 15 26 22 21 2 22   |
| . 1   | Casery 6 0.10 23 1155 23 <sup>7</sup> a 23 <sup>3</sup> a 23 <sup>3</sup> a + 7a<br>Colgene 11 427 18 <sup>1</sup> a 15 <sup>7</sup> a 10 + <sup>1</sup> a  | Houlogic 31 2665 146 <sup>1</sup> 4, 43 <sup>1</sup> 4, 44 <sup>1</sup> 8, - <sup>1</sup> 4<br>House Bont 0.80 11 4 25 25 25<br>How bots 0.48 19 406 129 <sup>1</sup> 4, 28 <sup>3</sup> 4, 38 <sup>3</sup> 4, - <sup>1</sup> 4   |   | ng Lab 0.20124 3626 13 12 <sup>1</sup> e 12;2<br>FSA 0.12 20 1198 24 <sup>7</sup> e 24 <sup>1</sup> 2 24 <sup>1</sup> 2 - <sup>1</sup> e   |
| 4   | CERN Co 15 140 14 13 <sup>1</sup> 2 13 <sup>1</sup> 5 + <sup>1</sup> 4 Centrocur 25 9543 35 <sup>1</sup> 4 34 <sup>1</sup> 4 35 + <sup>2</sup> 6 Coutri Rd 1.32 12 79 34 <sup>1</sup> 4 34 <sup>1</sup> 4 34 <sup>1</sup> 4 - <sup>1</sup> 2  | HousehRea 0.44 13 z180 5 <sup>3</sup> g 5 <sup>5</sup> g 5 <sup>5</sup> g<br>Hand JB 0.20160 253 19 <sup>1</sup> g 19 <sup>1</sup> g 19 <sup>1</sup> g<br>Handingto 0.86 13 804 24 <sup>3</sup> g 24 <sup>3</sup> g 24 <sup>5</sup> g + <sup>1</sup> g  | One Price 35 1430 u6 <sup>1</sup> g 5 <sup>7</sup> g 6 + <sup>1</sup> g<br>Oracle 4337144 34 32 <sup>5</sup> g 34 +1  | - U -  |
| ۱,  | Crital Spr 10 154 25 23 23<br>Chandler 10 2 0 0 6<br>Chapter 1 0.92 38 1580 367a 361a 385a +1a  | Hunco Co 0.08 14 124 u7 85g 85g<br>HunchTech 14 1547 583g 583g 573g +1<br>Hunchton 60 83g 73g 63g +1g   | Orbotech 0.99 13 665 157 157 157 153 -12   Unit   | Hüner x 1.10 2224630 5414 5375 54 -35<br>kab 1 934 175 174 174 -15<br>Kenga x 1.02 10 138 1012 1534 1534 -14   |
| 4   | Christian 0.09 58404 7½ 7½ 7½ 1½ 1½ 1½ 1½ 1½ 1½ 1½ 1½ 1½ 1½ 1½ 1½ 1½  | Hycor 8to 115 789 43, 45, 45,   | Ortholix 12 320 14 13 <sup>1</sup> 2 14 Unit  | ind St 0.40 14 395 23 <sup>1</sup> 2 21 <sup>1</sup> 4 23 <sup>1</sup> 4 + <sup>1</sup> 4 ing x 0.12 21 10 28 <sup>3</sup> 4 26 <sup>3</sup> 4 26 <sup>3</sup> 4 - <sup>3</sup> 8  |
|   | Chicagoner 14 0 4 <sup>1</sup> g 4 <sup>3</sup> g 4 <sup>3</sup> g<br>Chicagoner 9 1838 17 <sup>1</sup> g 10 <sup>3</sup> g 10 <sup>3</sup> g -5 <sup>2</sup> g<br>Chicagoner 36 7759 103 <sup>1</sup> g 57 <sup>2</sup> g -5 <sup>2</sup> g  | - 1 -<br>FRSys 22 35 14% 14% 14% +12  | Ostakosh T 0.50 13 00 147 <sub>6</sub> 143 <sub>8</sub> 147 <sub>8</sub> US<br>OtterTell 1,90 13 246 33 521 <sub>2</sub> 33 US  | Bencp x 1.12 1623174 u37 39 365 + 16<br>Energy 56 503 22 2134 2138 + 78  |
| Š   | Cine Fin 1.48 15 575 911g 801g 801g -1g<br>Cines Cp 0.25 35 335 541g 541g 541g -12  | 80 Intel 1 858 2 <sup>1</sup> 4 2 <sup>1</sup> 8 2 <sup>1</sup> 9 - <sup>1</sup> 8 Isomocor 32 645 13 <sup>2</sup> 4 13 13 - <sup>2</sup> 4   | us  | Serves 9 32 5 5 5<br>761 1.00 10 270 54 <sup>1</sup> 4 53 <sup>1</sup> 2 54 <sup>1</sup> 4<br>Corp 0.24 14 1330 13 <sup>1</sup> 8 12 <sup>2</sup> 8 13 <sup>1</sup> 8 + <sup>1</sup> 4   |
| ۱,  | Circustage 3412465 20 <sup>7</sup> 2 20 20 - <sup>7</sup> 8 Coccessus 4445606 57 <sup>1</sup> 8 55 57 <sup>1</sup> 8 +1 <sup>3</sup> 8  | hemonogen   | _ 6 _ 73 _  | h Med 17 101 15½ 15¼ 15½ +¾<br>1eter 0.50 22 77 87½ 07¼ 67¼ +¼<br>4 85 2¾ 25g 25g -⅓   |
| ا يا  | Ctz Beancp 1.18 12 11 30 <sup>1</sup> 2 29 <sup>3</sup> 4 30 <sup>1</sup> 8 + <sup>1</sup> 8 Citien Hor 3 79 3 <sup>1</sup> 2 3 <sup>3</sup> 8 3 <sup>3</sup> 8 - <sup>1</sup> 4 CRTs Dr 22 855 27 28 28 <sup>1</sup> 2   | internata 3016349 23 <sup>1</sup> 4 22 <sup>1</sup> 4 22 <sup>1</sup> 5 +1 <sup>2</sup> 6 inglestata 0.86 11 273 13 <sup>1</sup> 2 12 <sup>1</sup> 5 10 -1 <sup>1</sup> 4 transt 31464 2 <sup>5</sup> 2 2 <sup>5</sup> 2 2 <sup>5</sup> 2 2 <sup>2</sup> 6 + <sup>2</sup> 6   | PacDuniop 0.64 10 430 85 dB1 <sub>2</sub> 83 <sub>8</sub> -1 <sub>8</sub> USBN<br>PacBiCre 20 316 773 <sub>8</sub> 79 771 <sub>2</sub> +1 <sub>4</sub>  | let Tec 190 2170 62 4 80 61 1 <sub>5</sub> + 1 1 <sub>8</sub>  |
|   | Clotheston 0 318 e1 <sup>1</sup> 2 1 <sup>3</sup> 8 1 <sup>1</sup> 8<br>CocaColaB 1.00 22 60 34 <sup>1</sup> 2 34 <sup>1</sup> 4 34 <sup>3</sup> 8 - <sup>1</sup> 4<br>CodaNiam 0 32 4 <sup>7</sup> 8 4 <sup>3</sup> 4 4 <sup>3</sup> 4 - <sup>1</sup> 8                                | Integrillor 0 8462 127g 121g 127g -1g integrillor 140 139 337g 327g 337g +1 integrillor 7 151 27g 27g 27g 27g   | Paristreet: 6710811 u47 <sup>1</sup> 4 46 <sup>1</sup> 4 47 +1 <sup>1</sup> 2<br>Payches: 0.24 70 5966 ±50 47 49 <sup>2</sup> 4 +1 <sup>1</sup> 2<br>Payco Am 17 28 8 <sup>1</sup> 4 8 <sup>1</sup> 2 8 <sup>1</sup> 4 + <sup>5</sup> 8 | - <b>V</b> -   |
| 1   | Cognex Cp 27 6909 10 <sup>1</sup> g 17 <sup>-3</sup> s 18 -1 <sup>1</sup> s<br>Cognos 20 4132 25 <sup>2</sup> s 24 <sup>1</sup> 2 25 <sup>1</sup> 2 +1  | Intel 0.20 1944025 77 74 <sup>1</sup> 4 76 <sup>7</sup> 2 + <sup>7</sup> 2<br>Intel 48 4854 u3 <sup>5</sup> 2 3 3 <sup>5</sup> 5 + <sup>1</sup> 2   | Penn Triv 12 30 19 10 16 -\ Vog   | noot 0.40 18 39 31 35 31 31 4 + 1<br>rd Cell 343 1521 124 3 23 7 24 6 - 1<br>bilax 7 4732 19 4 18 1 2 18 4 - 1   |
| .   | Conserent 22 508 50 <sup>5</sup> g 50 <sup>1</sup> g 50 <sup>1</sup> g - 1 <sub>4</sub> Collegen 0.20 7 170 20 <sup>1</sup> 2 28 20 <sup>1</sup> g + 1 <sup>1</sup> g Color Gas x 1.30 11 111 22 <sup>2</sup> g 22 22 - 1 <sub>4</sub>  | integrated 10.40 17.4528 10 <sup>3</sup> g 10.10 <sup>2</sup> g <sup>-1</sup> g integrated 34.523 26 <sup>1</sup> g 25 <sup>1</sup> g 26 <sup>1</sup> g +1 integrated 0.24 14.294 14 <sup>3</sup> g 14.14 <sup>2</sup> g <sup>-2</sup> g  | Pentair 0.50 14 21 293 277 277 +14 Veril Pentair 0.50 14 21 293 277 277 +14 Veril   |  |
| _   | Concair 0.19 10 2231 27 <sup>1</sup> 2 26 <sup>1</sup> 4 28 <sup>7</sup> 8 + <sup>3</sup> 8 ConcatA 2 0.09 58 720 17 <sup>3</sup> 4 17 <sup>3</sup> 2 17 <sup>3</sup> 5 + <sup>1</sup> 4 ConcatAS 2 0.09 58 9227 17 <sup>3</sup> 4 17 <sup>3</sup> 4 17 <sup>3</sup> 5 + <sup>1</sup> 4 | kriggst 21 7401 135g 127g 137g 4-1g<br>Interfect 363 2028 81g 77g 77g 4-1g<br>Intersect 61 1347 117g 117g 117g 4-1g   | Permies K 068 9 2657 201a 193, 201a 22  | numsi 10 512 14-34 15 14-34 4-34<br>number 8910085 17 34 15 38 17 +2<br>l Testi 10 4450 18 34 15 34 15 78 - 38   |
|   | CommeState x0.76 11 12 3434 d3432 3434 +34  <br>CommeC 57 2400 x3538 3312 3538 +38  | intervolc 2011813 22 <sup>3</sup> 8 20 <sup>3</sup> 8 21 + <sup>3</sup> 4 intDairyOA 14 1029 21 20 <sup>3</sup> 2 20 <sup>3</sup> 8 - <sup>3</sup> 4  | Pisburgi.D 7 75 8 57 <sub>8</sub> 57 <sub>8</sub> Percenter 1.12 97 238 3134 3134 3134 32   | 06 0.50 71368 22 <sup>1</sup> 8 2178 22 <sup>3</sup> 8 + <sup>3</sup> 8  |
| ı   | Computates 2 2641 8 <sup>1</sup> 6 7 <sup>1</sup> 2 8 <sup>1</sup> 6 + <sup>5</sup> 8 Computative 4421 28 <sup>1</sup> 4 25 <sup>1</sup> 2 28 <sup>1</sup> 4 - <sup>1</sup> 2 Computative 34 328 28 <sup>1</sup> 4 29 <sup>1</sup> 4 29 <sup>1</sup> 4 + <sup>1</sup> 8                 | Investage   0.05 24 1170 28 <sup>3</sup> 4 26 <sup>3</sup> 6 27 <sup>3</sup> 2 + <sup>3</sup> 4   Investage Cp  | PhoenxTct 39 5253 u203 <sub>2</sub> 191 <sub>4</sub> 20 +3 <sub>2</sub><br>PhysCpAn 15 890 141 <sub>4</sub> 133 <sub>4</sub> 137 <sub>9</sub> +1 <sub>9</sub>   | - W -  |
| П   | Constactor 411320 m53, 73, 832 +3, Consilium 86 163 85, 75, 85, 67, 67, 67, 67, 67, 67, 67, 67, 67, 67  | Boyolculo 1.10125 23 226 226 228  | Picturete 55 4035 401 385 393 +1 Wart   | g Lab 32 2232 21 ½ 20 ¼ 20 ¾ - ¾<br>nor Ex 0.12 10 1132 24 ½ 24 24 - ½<br>missch 20 557 6 4 ¾ 4 ½ - ½  |
| П   | Contribute 33 596 23 <sup>1</sup> 2 23 <sup>1</sup> 4 23 <sup>1</sup> 9 1 <sub>8</sub> Contribute 0.50 10 679 18 <sup>1</sup> 8 17 <sup>1</sup> 4 17 <sup>1</sup> 2 + 18 Copytale 147 2504 e18 <sup>2</sup> 9 18 <sup>1</sup> 4 18 <sup>1</sup> 8                                       | -J-   | FigneerSp x 0.40 32 96 28 <sup>1</sup> 2 28 28 <sup>1</sup> 4 + <sup>1</sup> 4 Watt<br>PioneerH 0.86 27 28 57 <sup>3</sup> 8 56 <sup>3</sup> 8 57 <sup>3</sup> 8 + <sup>2</sup> 8 Watt  | bindA x 0.28 12 10 16 107g 19<br>non PM 0.22 27 85 22 4 21 4 22 6 18   |
|   | ConstryCp 57 2188 10 <sup>3</sup> g 18 <sup>5</sup> g 10 - <sup>3</sup> g Copoler 8 0.02 2372525 u27 <sup>3</sup> g 25 <sup>7</sup> g 27 +1 CreatTeph 38 3410 7 <sup>3</sup> g 6 <sup>3</sup> g 6 <sup>7</sup> g 7 <sup>2</sup> g   | JSJ Speck 20 57 u13 lg 13 lg 13 lg<br>Jacon Inc 0.26 10 150 8 lg 7 lg 8 lg<br>JLS ind 0.24 33 872 83 lg 78 lg 81 - 1 lg   | Promecr5t 0.12 13 251 151 <sub>2</sub> 141 <sub>2</sub> 141 <sub>4</sub> +14   WD-<br>  Progr   |  |
|   | Catoman Res 40 383 6 <sup>1</sup> a 5 <sup>5</sup> z 5 <sup>5</sup> g <sup>-1</sup> g<br>Oprits 7959 33 21 <sup>1</sup> z 32 <sup>1</sup> g <sup>-1</sup> g   | Johnson W 10 0 17 <sup>1</sup> 4 18 <sup>1</sup> 8 16 <sup>1</sup> 4 + <sup>1</sup> 8<br>Josepha 13 67 14 <sup>1</sup> 8 13 <sup>2</sup> 8 14 - <sup>1</sup> 8  | Priceble 0.41 7 2 14 <sup>1</sup> 2 14 <sup>1</sup> 2 14 <sup>1</sup> 2 West<br>Powel 10 594 11 <sup>1</sup> 4 11 <sup>1</sup> 4 11 <sup>1</sup> 5 + <sup>2</sup> 8   | SBA 11 873 24 <sup>1</sup> 2 23 <sup>1</sup> 4 23 <sup>1</sup> 2 -11<br>SBA 44 1900 25 <sup>1</sup> 2 25 <sup>1</sup> 8 25 <sup>1</sup> 3 -12  |
|   | Cytoges 0.5965 9½ 8⅓ 8¾ +⅓  | James Med 0.10 73 578 54½ 52½ 52¾ -¾<br>JSB Pin 1.20 16 501 33½ 32½ 33½ +½<br>Juno Lity 0.32 10 1388 10 15¾ 18 +¾   | Pres Line 0.14 6 306 10 934 10 44 William   | ## 1.24 0 937 59 <sup>3</sup> 4 59 59 <sup>3</sup> 4 - <sup>3</sup> 4<br>#Sonorma 1405 2200 28 <sup>7</sup> 8 27 <sup>1</sup> 2 28 <sup>1</sup> 2 + <sup>1</sup> 8<br>### Lx0.20 28 84 11 10 <sup>5</sup> 8 11 + <sup>1</sup> 8                                      |
|   | - D -   | Justin 0.19 14 880 124; 124; 124; +14   | PriCost 2925891 21 203 <sub>8</sub> 2013 +13 WPP  | dom 3618186 a53 51 <sup>1</sup> 4 53 +1 <sup>5</sup> 8<br>ADR 30 83 52 <sup>1</sup> 4 31 <sup>7</sup> 8 31 <sup>7</sup> 8 -1 <sub>8</sub>  |
|   | OSC Cm 2010327 29 <sup>1</sup> 2 28 <sup>1</sup> 2 28 <sup>1</sup> 3 - <sup>1</sup> 4 Dart Ston 2 0.13 11 2100 89 <sup>1</sup> 2 89 <sup>1</sup> 2 89 <sup>1</sup> 2 Dataflex 39 1676 6 <sup>1</sup> 8 6 <sup>1</sup> 8 6 <sup>1</sup> 8 1 1 1  | -K-   | Printmoni 20 226 254 243, 2534 +34 Wyth Proof Ope 0.26 40 1277 38 3534 3536 +36 Print 27 534 2534 2536 2536   | nan-Gain 1840 25 451 18 <sup>3</sup> 6 18 <sup>5</sup> 7 10 <sup>5</sup> 8   |
|   | Detascope 11 588 18 <sup>1</sup> 4 17 <sup>1</sup> 2 10<br>DaughinDp 1.14 13 282 28 <sup>1</sup> 4 28 <sup>1</sup> 4 28 <sup>1</sup> 4  | K Swissa 0.06 75 11 107g 107g 1 1 10mm CP 0.44 14 18 1212 1214 1214 14 14 14 15 1212 1214 1214  | OLT Photo 20 1909 22% 31% 22% +12 Consider Chara 0.65 10 65 14 13% 13% -34 X56m   | - X - Y - Z -<br>2518731 33 <sup>1</sup> 4 31 <sup>1</sup> 2 33 <sup>1</sup> 9 -14   |
|   | Delegato Ga   | Number 0.92 14 10 2932 2932 2932 -12<br>NLA lestr 1210953 2932 2532 2938 -18  | Oural Food 0.20 10 205 27 <sup>3</sup> 4 25 <sup>3</sup> 8 25 <sup>5</sup> 8 Xinco  | om 4 1404 18 <sup>1</sup> g 15 <sup>3</sup> g 16<br>e Corp 8 9605 u6 <sup>1</sup> g 7 <sup>5</sup> g 7 <sup>7</sup> g .1 <sub>8</sub>  |
|   | Detply 0.33 20 833 42% 42% 42% 42% -1s  | Koli A 9 154 3 6 6 16 16 12 Komma ino 13 2664 351, 241, 341, -1 Kulista S 5 2401 10 171, 1712 -3  | Oniciosity 25 5115 413 383 383 - 352 York   | nv 0.24 7 503 13½ 12½ 13<br>Pach 28 862 10 853 9% .ig<br>sUsah 1.64 12 886 17¼ 75¼ 76½ .1¼   |
| 1   |   |   |   |  |
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| 140411  | ORAL MARKE! * pm acce ine 5   |
|---|---|
| k<br>k High Low Look Che  |   |
| 0 9%, 8%, 9%, -1,<br>3 <i>27 27 27</i><br>2 29%, 29 29 -1,  | -LR-  |
| 9 157g 157g 157g +1g<br>3 127g 157g 157g +1g  | Ladd Furn 0.18 2 166 114; 107g 17 -16   Railys 1 428 31; 31g 31g  |
| 3 22 21 1 <sub>8</sub> 22 +1<br>3 36 1 <sub>4</sub> 35 35 1 <sub>4</sub> -1   | Languager 0.68 14 163 3712 37 37 MUSS MR 948 10 671 624-1 74 2414 - 14  |
| 1 5 <sup>1</sup> 8 5 <sup>1</sup> 8 5 <sup>2</sup> 8 +1<br>2 33 12 0.74   | LandroidGph 58 2047 193 <sub>2</sub> 183 <sub>4</sub> 193 <sub>2</sub> +3 <sub>2</sub> Recoton 13 5211 173 <sub>4</sub> 16 <sup>2</sup> 4 173 <sub>5</sub> -3 <sub>5</sub>  |
| 2 20 28-1 <sub>8</sub> 28-7 <sub>8</sub> +-1 <sub>7</sub><br>0 13-3₂ 13-3₂ 13-1 <sub>8</sub><br>0 26 27 <sup>1</sup> 2 27 <sup>2</sup> 4 +-1 <sub>9</sub>   | Learnings 15 1945 81 0 81 19 Repub Int 13113531 454 9 505 52 4 11 13 Learnings 6 16 6135 335 314 317 17 17 Reprub Int 13113531 454 9 505 52 4 11 13 Learnings 6 16 6135 335 314 317 17 17 17 18 18 18 18 18 18 18 18 18 18 18 18 18   |
| 2012,4 11% 124 +4<br>1 33 <sup>1</sup> 2 32 <sup>1</sup> 4 32 <sup>1</sup> 4 -1   | Lawson Pr 0.52 13 209 23 12 23 14 23 12 Resound 30 545 12 14 12 12 Lepters 36 1177 7 12 070 7 10 Revent 0.35 29 2038 70 63 12 69 13 -114  |
| 4 4% 4½ 4½ 4½<br>33 81% 32½ +4  | Like Fach 0.24 29 110 311 <sub>0</sub> 311 <sub>x</sub> 211 <sub>8</sub> +2<br>Likeline 20 10u145 <sub>3</sub> 141 <sub>4</sub> 141 <sub>4</sub> 141 <sub>4</sub> Remove 0.20 35 592 167 <sub>3</sub> 101 <sub>4</sub> 161 <sub>2</sub>   |
| 5 29 27 <sup>1</sup> 2 27 <sup>1</sup> 2 -1 <sup>1</sup> 4<br>1 135 34 <sup>1</sup> 4 34 <sup>1</sup> 2 - <sup>1</sup> 4  | Librorin T 0.60 20 613 1634 1618 1634 +14 Rosewet 062 15 6042 1014 18 1815 -16 Rosewet 062 15 6042 1014 18 1815 -16 Rose Str 028 16 5899 4174 4014 11.5 -1.5  |
|   | Linearies 0.19 10 8631 32 <sup>1</sup> 4 21 <sup>1</sup> 2 31 <sup>3</sup> 4 - <sup>3</sup> 4 RetachNed 28 1248 22 20 <sup>1</sup> 4 20 <sup>1</sup> 4 20 <sup>1</sup> 5 15 - <sup>3</sup> 4 RPM inc. 0.48 16 2526 116 <sup>5</sup> 5 15 <sup>3</sup> 4 16 - <sup>3</sup> 5   |
| E ~<br>1 44 44 44   | LiquiBox 0.44 15 41 3234 3112 3112   Ryen Finity 14 1262 932 914 914 1252   Lowers Sp 0.10 58 1948 2912 29 2918 914 12   Liquid Sp 0.10 58 1948 2912 29 2918 914 12   Liquid Sp 0.10 58 1948 2912 29 2918 914 12   Liquid Sp 0.10 58 1948 2912 29 2918 914 12   Liquid Sp 0.10 58 1948 2912 29 2918 914 12   Liquid Sp 0.10 58 1948 2912 29 2918 914 12   Liquid Sp 0.10 58 1948 2912 2918 914 12   Liquid Sp 0.10 58 1948 2912 29 2918 914 12   Liquid Sp 0.10 58 1948 2912 29 2918 914 12   Liquid Sp 0.10 58 1948 2912 29 2918 914 12   Liquid Sp 0.10 58 1948 2912 29 2918 914 12   Liquid Sp 0.10 58 1948 2912 29 2918 914 12   Liquid Sp 0.10 58 1948 2912 29 2918 914 12   Liquid Sp 0.10 58 1948 2912 29 2918 914 12   Liquid Sp 0.10 58 1948 2912 29 2918 914 12   Liquid Sp 0.10 58 1948 2912 29 2918 914 12   Liquid Sp 0.10 58 1948 2912 29 2918 914 12   Liquid Sp 0.10 58 1948 2912 29 2918 914 12   Liquid Sp 0.10 58 1948 2912 29 2918 914 12   Liquid Sp 0.10 58 1948 2912 29 2918 914 12   Liquid Sp 0.10 58 1948 2912 29 2918 914 12   Liquid Sp 0.10 58 1948 2912 29 2918 914 12   Liquid Sp 0.10 58 1948 2912 29 2918 914 12   Liquid Sp 0.10 58 1948 2912 29   Liquid Sp 0.10 58 1948 29   Liquid Sp 0.10 58  |
| 1 117 633 534 +23<br>2834 2834 2835 +3<br>(81534 1232 1834 +134   | Lower Star 21 376 11 12 11 11 14 - S -  |
| 1623   25   25  <br>1623   25   25  <br>1623   15   16   17   | LUMBH 0.62 30 113 495 8 4912 495 8 +14 Salecto 1 16 9 4480 3372 3373 -12 Salectifith 177 113 33 3734 3734   |
| 2112 35 3118 14<br>458 414 418 18   | SchimbgrA 038 27 1356 v26 <sup>1</sup> 2 75 <sup>1</sup> 4 26 <sup>1</sup> 8 - <sup>1</sup> 8   |
| 18 <sup>1</sup> 2 17 <sup>2</sup> 6 18 <sup>1</sup> 6 <sup>1</sup> 4<br>13 <sup>1</sup> 5 0 <sup>1</sup> 4 3 <sup>1</sup> 6 + <sup>1</sup> 6<br>133 <sup>1</sup> 2 33 33 <sup>1</sup> 2                                     | MCI Cm 0.06 3329143 28 <sup>1</sup> 4 28 <sup>1</sup> 2 28 <sup>1</sup> 4 4 4 Scies 9 3005 7 <sup>1</sup> 8 013 813 1<br>MS Carts 22 34 19 <sup>1</sup> 4 19 18 1 <sub>8</sub> Scies Cp 0.52 17 446 19 <sup>1</sup> 8 19 <sup>1</sup> 2 19 <sup>1</sup> 3 14  |
| 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1   | Marc Mill   0.90   7   166   12%   12%   12%   +3 <sub>6</sub>   Score Brid   4   590   4%   4½   4%   1.   Madgle   35   403   301   22%   30½   43   5estfield   1.20   36   80   39½   337   33  |
| i 0 5¾ 5½ +½<br>iu23¾ 22½ 22.7743<br>i 10 10 10 -¼  | Med Box 0.01 24 1018 10 1612 1758 +118 Sement B 036 10 215 238 212 212 -18  |
| 23% 23 23% +1e<br>20% 1912 1912 -5e   | Marine Dr 337 4210 10 <sup>5</sup> 8 10 <sup>1</sup> 8 10 <sup>1</sup> 8 1.18 Sequent 15 3474 16 13 <sup>1</sup> 6 14 14 17 Sequent 20 14 25 90 85 60 Sequent 93 699 3 <sup>3</sup> 6 3 <sup>1</sup> 7  |
| 185g 1814 1814 14<br>143g 1334 1334 14<br>2324 31 3134 +1g  | Marchell x 0.74 14 1235 277g 271g 277g -1g Sevenson x 0.22 13 200 195g 191g 193g 13g  |
| 7 6 7 +3  | Matria 142 480 85 85 85 85 15 15 15 15 15 15 15 15 15 15 15 15 15   |
|   | Medormin   25 5988 33 <sup>1</sup> 2 32 <sup>2</sup> 4 32 <sup>2</sup> 4 - 1 <sup>1</sup> 4   |
| 07g 63g 83g -1g<br>m147g 137g 141g +1g  | Medex Inc. 0.18101 261 12 <sup>1</sup> 4 11 <sup>2</sup> 6 12 <sup>1</sup> 6 + <sup>3</sup> 8   Semedes   |
| 484 4512 4512 -4<br>29 284 2878 -4  | Mente 0.24 22 5229 s18 <sup>1</sup> 2 18 <sup>1</sup> 5 18 <sup>3</sup> 6 + 14 Simpson x 0.40 13 186 s10 <sup>2</sup> 6 0 <sup>2</sup> 6 10   |
| 554 544 544 4<br>11 <sub>8</sub> 12 11 <sub>9</sub> 42<br>144 145 145 4   | The state of the s  |
| 4712 44 45 214  | Merchal 1 2624 416 416 416 416 416 50000001 0.88 11 1802 2736 2716 2717 417 Mesca Air 10 2822 1336 1332 1332 1332 Spiegel A 0.20 85 9990 util 2 1036 1116 414   |
| 25½ 24½ 24¾ +½<br>33¼ 32¾ 33<br>31 30½ 30½ -¼   | Methode A 0.18 28 1193 17% 17% 17% 17% Sprjime 07 1038 26% 25% 25% 25% 58 MFS Cm 14 8552 36 54% 25.58 +83 St. Juden4d 0 40 1812606 37 35% 35% -1%   |
| 3712 35% 36% -1%<br>31 30% 31   | Michael F 0.20 12 870 11\(\frac{1}{2}\) 11\(\frac{1}{2}\) 11\(\frac{1}{2}\) 11\(\frac{1}{2}\) 12\(\frac{1}{2}\) 13\(\frac{1}{2}\) 13\(\frac{1}2\) 13\(\frac{1}2\) 13\(\frac{1}2\) 13\(\frac{1}2\) 13\(\frac{1}2\) 13\(\frac{1}2\)   |
| 101g 85g 95g +14<br>191g 91c 10 -14   | Micrograft 38 2898 18 17 <sup>12</sup> 17 <sup>12</sup> 4 18 Statucity 63 7731 2778 25 27 <sup>3</sup> 8 + 1 <sup>1</sup> 8 Statucity 20 4835 17 <sup>3</sup> 1 18 <sup>1</sup> 1 17 <sup>3</sup> 1 18 <sup>1</sup> 1 17 <sup>3</sup> 1 18 <sup>1</sup> 1 17 <sup>3</sup> 1 18 <sup>3</sup> <sup>3</sup> 1 |
| 74 74 74 +4 77 74 14 14 14 14 14 14 14 14 14 14 14 14 14  | Michit 38316993/12114/1177a1207a +3 Michit Ati M 10 23 1934 1938 1934 -1a MidwiGnain 0.50 27 270 13 12 13 +1 MidwiGnain 0.50 27 270 13 12 13 +1   |
| 414 4 416 +16<br>2312 23 23   | Million   |
| 291, 281, 281, +3, 351, 351, 351, 361, 412  | Minimech 0.10 22 337 18 17 <sup>1</sup> 4 17 <sup>5</sup> 8 - <sup>1</sup> 8 Stratopic 1 5160 6 <sup>1</sup> 4 5 <sup>1</sup> 2 5 <sup>3</sup> 2 MobilisTel 0 3743 14 <sup>5</sup> 8 14 <sup>3</sup> 8 14 <sup>3</sup> 8 - <sup>1</sup> 8 Stratopy 311 5142 28 <sup>1</sup> 4 26 <sup>5</sup> 8 28 + <sup>1</sup> 4   |
| 20 <sup>1</sup> 4 19 <sup>1</sup> 2 19 <sup>1</sup> 2 <sup>1</sup> 8<br>13 <sup>1</sup> 2 <sup>5</sup> 8  | Modern Co 0.24 10 38 19 <sup>1</sup> g 9 <sup>5</sup> g 10   Suyker 0.08 27 5047 52 <sup>7</sup> g 52 52 <sup>3</sup> g 4   Modern Mt 0.88 12 1303 26 <sup>1</sup> 2 26 26 <sup>1</sup> 4   Suffern D 15 55 11 <sup>1</sup> 2 11 <sup>1</sup> 4 11 <sup>1</sup> 4   11 <sup>1</sup> 4   4   |
|   | Moleco   0.06 21 1909 3014 2912 3016 + 3g   Sumitomos 0.80 2 5 24 024 24 7g   Moleco   0.09 22 1120 33 3134 33 + 14   Summit 7e 98 1656 173g 1034 1934 33g   33 3134 33 + 14   Summit 7e 98 1656 173g 1034 1934 33g   |
| 312 312 312   | Moscom  |
| 30 <sup>1</sup> 2 20 30 <sup>1</sup> 2 + <sup>1</sup> 2<br>611 6 <sup>1</sup> 2 6 <sup>1</sup> 2 · <sup>1</sup> 4<br>11 · <sup>5</sup> 3 11   | Mycogen 8 307 18 <sup>1</sup> 4 17 <sup>5</sup> 3 17 <sup>3</sup> 4 -3 Swift Tot 0.01 22 182 10 18 <sup>5</sup> 3 18 <sup>1</sup> 2 +1 Sybana inc 215 4942 23 <sup>7</sup> 6 23 <sup>1</sup> 4 23 <sup>1</sup> 4 -1   |
| 8 <sup>1</sup> 8 8 <sup>1</sup> 8 8 <sup>3</sup> 8  | Symante: 18 8527 15.40 14 <sup>3</sup> 4, 13 +½ Symante: 18 8527 15.40 14 <sup>3</sup> 4, 13 +½ Symante: 28 288 19 <sup>3</sup> 4, 18 19 <sup>3</sup> 4, ½ Symante: 28 288 284, 18 19 <sup>3</sup> 4, 18 19 <sup>3</sup> 4, ½ Symante: 28 288 283, 283, 284, ½ Symante: 18 8527 15.40 14 <sup>3</sup> 4, 18 19 <sup>3</sup> 4, ½ Symante: 18 8527 15.40 14 <sup>3</sup> 4, 18 19 <sup>3</sup> 4, ½ Symante: 18 8527 15.40 14 <sup>3</sup> 4, 13 +½ Symante: 18 8527 15.40 14 <sup>3</sup> 4, 13 +½ Symante: 18 8527 15.40 14 <sup>3</sup> 4, 13 +½ Symante: 18 8527 15.40 14 <sup>3</sup> 4, 13 +½ Symante: 18 8527 15.40 14 <sup>3</sup> 4, 13 +½ Symante: 18 8527 15.40 14 <sup>3</sup> 4, 13 +½ Symante: 18 8527 15.40 14 <sup>3</sup> 4, 13 +½ Symante: 18 8527 15.40 14 <sup>3</sup> 4, 13 +½ Symante: 18 8527 15.40 14 <sup>3</sup> 4, 13 +½ Symante: 18 8527 15.40 14 <sup>3</sup> 4, 13 +½ Symante: 18 8527 15.40 14 <sup>3</sup> 4, 13 +½ Symante: 18 8527 15.40 14 <sup>3</sup> 4, 13 +½ Symante: 18 8527 15.40 14 <sup>3</sup> 4, 13 +½ Symante: 18 8527 15.40 14 <sup>3</sup> 4, 13 +½ Symante: 18 8527 15.40 14 <sup>3</sup> 4, 13 +½ Symante: 18 8527 15.40 14 <sup>3</sup> 4, 13 +½ Symante: 18 8527 15.40 14 <sup>3</sup> 4, 13 +½ Symante: 18 8527 15.40 14 <sup>3</sup> 4, 13 +½ Symante: 18 8527 15.40 14 <sup>3</sup> 4, 13 +½ Symante: 18 8527 15.40 14 <sup>3</sup> 4, 13 +½ Symante: 18 8527 15.40 14 <sup>3</sup> 4, 13 +½ Symante: 18 8527 15.40 14 <sup>3</sup> 4, 13 +½ Symante: 18 8527 15.40 14 <sup>3</sup> 4, 13 +½ Symante: 18 8527 15.40 14 <sup>3</sup> 4, 13 +½ Symante: 18 8527 15.40 14 <sup>3</sup> 4, 13 +½ Symante: 18 8527 15.40 14 <sup>3</sup> 4, 13 +½ Symante: 18 8527 15.40 14 <sup>3</sup> 4, 13 +½ Symante: 18 8527 15.40 14 <sup>3</sup> 4, 13 +½ Symante: 18 8527 15.40 14 <sup>3</sup> 4, 13 +½ Symante: 18 8527 15.40 14 <sup>3</sup> 4, 13 +½ Symante: 18 8527 15.40 14 <sup>3</sup> 4, 13 +½ Symante: 18 8527 15.40 14 <sup>3</sup> 4, 13 +½ Symante: 18 8527 15.40 14 <sup>3</sup> 4, 13 +½ Symante: 18 8527 15.40 14 <sup>3</sup> 4, 13 +½ Symante: 18 8527 15.40 14 <sup>3</sup> 4, 13 +½ Symante: 18 8527 15.40 14 <sup>3</sup> 4, 13 +½ Symante: 18 8527 15.40 14 <sup>3</sup> 4, 13 +½ Symante: 18 8527 15.40 14 <sup>3</sup> 4, 13 +½ Symante: 18 8527 15.40 14 <sup>3</sup> 4, 13 +½ Symante: 18 8527 15.40 14 <sup>3</sup> 4, 13 +½ Symante: 18 8527 15.40 14 <sup>3</sup> 4, 13 +½ Symante: 18 8527 15.40 14 <sup>3</sup> 4, 13 +½ Symante: 18 8527 15.40 14 <sup>3</sup> 4, 13 +½ Symante: 18 8527 15.40 14 <sup>3</sup> 4, 13 +½ Symante: 18 8527 15.40 14 <sup>3</sup> 4, 13 +½ Symante: 18 8527 15.40 14 <sup>3</sup> 4, 13 +½ Symante: 18 8527 15.40 14 <sup>3</sup> 4, 13 +½ Symante: 18 8527 15.40 14 <sup>3</sup> 4,  |
| 22 21 2 22<br>714 714 714   | MAC Re  |
| 5/4 5/4 5/2 +18<br>147 46/4 46/8 +2/8<br>11/4 10/2 10/4 -5/8  | Met Compt x 0.36 18 68 2414 2314 214 4 Systemed 140 2009 278 232 215 -16  |
| 58 56 <sup>3</sup> 2 56 <sup>2</sup> 6 -1 <sup>2</sup> 4<br>13 <sup>3</sup> 8 13 <sup>3</sup> 8 13 <sup>3</sup> 4 - <sup>1</sup> 8  | Newsgator 0.02 10 19 18 <sup>2</sup> 4 17 <sup>2</sup> 4 18 <sup>1</sup> 4 NEC 0.41 42 102 56 <sup>1</sup> 2 56 <sup>1</sup> 8 56 <sup>3</sup> 8 -1   |
| 142 144 142 44 173 48   | Medicor   229 3143 56 <sup>1</sup> 4 54 55 <sup>1</sup> 8 + <sup>7</sup> 8   T-Cell Sc   8 448 3 <sup>7</sup> 8 3 <sup>7</sup> 8 3 <sup>7</sup> 8 + <sup>1</sup> 8   Necester   18 429 5 <sup>7</sup> 8 5 5 <sup>1</sup> 4   Transp Pr 0.42 20 1374 28 221 221 21 21 21 21 21 21 21 21 21 21 2  |
| 14 13 <sup>1</sup> 4 14 + <sup>3</sup> 4 7 <sup>1</sup> 4 6 <sup>5</sup> 8 6 <sup>5</sup> 8 13 <sup>1</sup> 2 12 <sup>7</sup> 8 13 - <sup>1</sup> 2   | Network Gen 41 3842 u25 <sup>1</sup> 4, 24 <sup>1</sup> 4 25 +.40 TCA Cebis 0.56 21 1086 28 <sup>1</sup> 4 28 <sup>1</sup> 5 28 <sup>1</sup> 5  |
| 10% 9% 10% 4<br>24% 23% 24 -k   | Neuropen   28 385 30 <sup>1</sup> 2 29 <sup>1</sup> 2 30 <sup>-1</sup> 8   TCI GpA   7018092 18 <sup>3</sup> 6 10 10 <sup>1</sup> 6   New Image   0 · 10 3 <sup>3</sup> 6 8 <sup>1</sup> 2 3 <sup>1</sup> 2   TechDets   29 4346 23 <sup>5</sup> 8 22 <sup>3</sup> 6 23 <sup>3</sup> 6 + 1   Neuropeolet   39 1068 71 <sup>1</sup> 8 90 <sup>3</sup> 8 70 <sup>3</sup> 8 - 1 <sup>5</sup> 8   TechDets   29 4346 23 <sup>5</sup> 8 22 <sup>3</sup> 6 23 <sup>3</sup> 6 52 <sup>3</sup> 7 4 52 <sup>3</sup>  |
| 22 4 21 4 22 4 4 2 1 22 2 1 4 22 1 2 1 4 2 2 1 2 1  | Nordon Con  |
| 20%, 19% 20%<br>13% 13g 13g<br>812 0% 91g +1g   | Nordeon x 0.72 28 67 60% 58% 58% 58% 1% Totable 1113405 x137 12% 12% 12% 12% 180 46 500 46 500 63 41 100 600 46 5901 63% 60% 63 41  |
| 1114 11 114 +18<br>36 3518 3518 -16   | Norstan 1   20   77   35%   35   35%   45%   Tebos Cp   0.01   17   1530   18½   17¾   17¾   17¾   12   M Ster Un   14   18   77%   77%   77%   Tetra Tec   26   746   207%   285%   205%   205%   245%   205%   2  |
|   | Northwritet   1.24 14 2309 u5712 5814 5714 + 72   TevraPhADR 0.10 38 5111 u4712 4614 4614 4614 + 75   New Air   11 8345 4214 40 42 + 138   Three Com   4318/58 5012 4074 5074 + 15   Novel   3230918 1412 14 1418 + 128   Till   14 3143 738 674 774 + 15   |
| 63a 61a 67a   | Novelus 0 6030 463, 4512 46 -1 7Jiat 0.22 10 1181 193, 193, 193, 183, 184 187 187 104 59 05, 93, 93, 93, 93, 93, 93, 93, 93, 93, 93   |
| 2614 426 28 -18<br>2014 2014 2014 -18   | MSC Corp 18 10 2/2 2/2 2/2 1 Tabyo Mar 0.32 22 2 65 65 85 -14 Tem Brown 169 441 17 <sup>1</sup> 0 18 <sup>7</sup> 2 16 <sup>7</sup> 2 16 <sup>7</sup> 3 +14   |
| 2314 2214 2314 +12<br>2614 12512 12614 +12<br>5014 4814 50  | TookAigh 541 251 <sub>2</sub> 251 <sub>2</sub> 251 <sub>2</sub> 251 <sub>3</sub> 251 <sub>4</sub> 2  |
| 91 <sub>2</sub> 0 0<br>13 12 <sup>1</sup> 2 12 <sup>5</sup> 2 -1 <sub>8</sub>   | Occuratorys 10 1579 14 121, 14 +1, Transviriti 2 206 6 5 3 6 +1, Octob Com 29 1083 251, 245 245 12 7ranscend 57 671 113 107 11 -1   |
| 5 4 <sup>3</sup> g 4 <sup>3</sup> g + <sup>3</sup> g<br>10 9 <sup>7</sup> g 9 <sup>7</sup> g  | October A 44 354 181g 171g 177g +14 Tresmect 1.24 10 43 48 40 48 Offininelig 10 891 141g 1414 1414 14 Trimble 54 1818 251g 231g 241g +12  |
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| 117 858 853<br>5834 5634 5734 +1  | Orb Scince 65412160 or 187 174 185 + 178 US Honor x 1.10 2224630 5414 5378 54 .3<br>Orbinach 0.99 13 655 157 153 153 153 .1<br>Umlab 1 934 118 134 134 134 134 134 134 134 134 134 134  |
| 8 <sup>3</sup> 8 7 <sup>3</sup> 4 6 <sup>3</sup> 8 + <sup>3</sup> 8<br>4 <sup>3</sup> 4 4 <sup>5</sup> 8 4 <sup>5</sup> 8   | Oragoniles 0.31905 1839 32 <sup>1</sup> 4 31 <sup>1</sup> 4 31 <sup>3</sup> 5 - <sup>1</sup> 2 UCRIESGs x 1.02 10 138 10 <sup>1</sup> 2 15 <sup>1</sup> 4 15 <sup>1</sup> 3 . <sup>1</sup> 4 URBed St 0.40 14 395 23 <sup>1</sup> 2 27 <sup>1</sup> 4 23 <sup>1</sup> 4 . <sup>1</sup> 4 United St 0.40 14 395 23 <sup>1</sup> 2 27 <sup>1</sup> 4 23 <sup>1</sup> 4 . <sup>1</sup> 4 United St 0.40 14 395 23 <sup>1</sup> 2 27 <sup>1</sup> 4 25 <sup>1</sup> 4 . <sup>1</sup> 4 United St 0.40 14 395 23 <sup>1</sup> 2 27 <sup>1</sup> 4 25 <sup>1</sup> 4 . <sup>1</sup> 4 . <sup>1</sup> 5 United St 0.40 14 395 23 <sup>1</sup> 2 27 <sup>1</sup> 4 25 <sup>1</sup> 4 . <sup>1</sup> 5 United St 0.40 14 395 23 <sup>1</sup> 2 27 <sup>1</sup> 4 25 <sup>1</sup> 4 . <sup>1</sup> 5 United St 0.40 14 395 23 <sup>1</sup> 2 27 <sup>1</sup> 4 25 <sup>1</sup> 4 . <sup>1</sup> 5 United St 0.40 14 395 23 <sup>1</sup> 2 27 <sup>1</sup> 4 25 <sup>1</sup> 4 . <sup>1</sup> 5 United St 0.40 14 395 23 <sup>1</sup> 2 27 <sup>1</sup> 4 25 <sup>1</sup> 4 . <sup>1</sup> 5 United St 0.40 14 395 23 <sup>1</sup> 2 27 <sup>1</sup> 4 25 <sup>1</sup> 4 . <sup>1</sup> 5 United St 0.40 14 395 23 <sup>1</sup> 2 27 <sup>1</sup> 4 25 <sup>1</sup> 4 . <sup>1</sup> 5 United St 0.40 14 395 23 <sup>1</sup> 2 27 <sup>1</sup> 4 25 <sup>1</sup> 4 . <sup>1</sup> 5 United St 0.40 14 395 23 <sup>1</sup> 2 27 <sup>1</sup> 4 25 <sup>1</sup> 4 . <sup>1</sup> 5 United St 0.40 14 395 23 <sup>1</sup> 2 27 <sup>1</sup> 4 25 <sup>1</sup> 4 . <sup>1</sup> 5 United St 0.40 14 395 23 <sup>1</sup> 2 27 <sup>1</sup> 4 25 <sup>1</sup> 4 . <sup>1</sup> 5 United St 0.40 14 395 23 <sup>1</sup> 2 27 <sup>1</sup> 4 25 <sup>1</sup> 4 . <sup>1</sup> 5 United St 0.40 14 395 23 <sup>1</sup> 2 27 <sup>1</sup> 4 25 <sup>1</sup> 4 . <sup>1</sup> 5 United St 0.40 14 395 23 <sup>1</sup> 2 27 <sup>1</sup> 4 25 <sup>1</sup> 4 . <sup>1</sup> 5 United St 0.40 14 395 23 <sup>1</sup> 2 27 <sup>1</sup> 4 25 <sup>1</sup> 4 . <sup>1</sup> 5 United St 0.40 14 395 23 <sup>1</sup> 2 27 <sup>1</sup> 4 25 <sup>1</sup> 4 . <sup>1</sup> 5 United St 0.40 14 395 23 <sup>1</sup> 2 27 <sup>1</sup> 4 25 <sup>1</sup> 4 . <sup>1</sup> 5 United St 0.40 14 395 23 <sup>1</sup> 2 27 <sup>1</sup> 4 25 <sup>1</sup> 4 . <sup>1</sup> 5 United St 0.40 14 395 23 <sup>1</sup> 2 27 <sup>1</sup> 4 25 <sup>1</sup> 4 . <sup>1</sup> 5 United St 0.40 14 395 23 <sup>1</sup> 2 27 <sup>1</sup> 4 25 <sup>1</sup> 4 . <sup>1</sup> 5 United St 0.40 14 395 23 <sup>1</sup> 2 27 <sup>1</sup> 4 25 <sup>1</sup> 4 . <sup>1</sup> 5 United St 0.40 14 395 23 <sup>1</sup> 2 27 <sup>1</sup> 4 25 <sup>1</sup> 4 . <sup>1</sup> 5 United St 0.40 14 395 23 <sup>1</sup> 2 27 <sup>1</sup> 4 25 <sup>1</sup> 4 . <sup>1</sup> 5 United St 0.40 14 395 23 <sup>1</sup> 2 27 <sup>1</sup> 4 25 <sup>1</sup> 4 . <sup>1</sup> 5 United St 0.40 14 395 23 <sup>1</sup> 2 27 <sup>1</sup> 4 25 <sup>1</sup>  |
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| 34, 784, 81, 14, 74, 185, 185, 44, 44, 44, 44, 44, 44, 44, 44   | Phintywrith 68 1296 255g 247g 251g .lg   Writzen Baz 0,92 14 3 4814 4814 4814 .3g   Procebb 0,41 7 2 1412 1412 1412   Writzellh 11 873 2412 2314 2312 .1g   Powell 10 594 1134 1134 .3g   Writzellh 44 1900 3612 2638 2658 .3g  |
| 44g 134g 14 -4g<br>44g 523g 523g -3g<br>34g 327g 334g +4g   | PresCas 1 498 21 131 2 Windler x 1.24 0 997 5934 59 5934 -34 PresCibe 0.14 6 306 10 934 10 414 WindSonome 14C5 2200 2878 2712 2812 +13  |
| 10 15% 18 +%<br>2% 12% 12% +%   | Presental: 37618556 1381863 109 -25 Wolother L x0.20 28 84 11 107s 11 +1g PriCost 2925897 21 203 2013 +13 Wolother L x0.20 28 84 11 107s 11 +1g Worldoom 3618186 a53 5134 53 +15s   |
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| •   | Prod Ops 0.28 40 1277 38 351 <sub>4</sub> 355 <sub>9</sub> +1 <sub>6</sub>  |

# Dow flat as equities play waiting game

#### **Wall Street**

US share prices were flat in early trading, mirroring the sentiment on the bond and currency markets as investors awaited tomorrow's figures on May employment, writes Lisa Bransten in New York.

At 12:30 pm, the Dow Jones Industrial Average was 2.96 softer at 5,662.75. The Standard & Poor's 500 edged up 0.38 to 672.94 and the American Stock Exchange composite rose 0.34 to 607.78.

The technology-rich Nasdaq composite added 0.48 at 1.244.16. Volume on the New York Stock Exchange at midsession came to 215m shares.

Financial markets had been joited by surprisingly strong employment figures in each of the past three months, so investors remained reluctant to change their position ahead of tomorrow's figure. Also, recent economic data had been mixed, leaving Wall Street economists divided about whether the Federal Reserve might change interest rates

later this year. America Online tumbled \$5% or 10 per cent to \$47% on nega-tive moves by analysts at Cowen & Co and Montgomery Securities, two US investment banks. The analyst at Montgomery downgraded the stock

at the online service. Bally Entertainment added

\$1% or 5 per cent at \$25% on renewed speculation that the company was in merger talks with Hilton Hotels. The latter added \$2% at \$112%. Price/Costco rose \$% or 3 per

cent to \$20%. The membership warehouse club announced s 27 per cent increase in net income, but st the same time Calvin Klein Jeanswear which is a division of Designer Holdings - filed suit against the retailer, claiming it had sold counterfeit goods marked as Calvin Klein products.
ValuJet lost \$# or 4 per cent
to \$13# after Standard & Poor's

announced that it was lower ing its corporate rating of ValuJet debt to BB- from BB. Since the May 11 crash of a ValuJet DC-9 that killed all 110 people on board, shares in the discount carrier have fallen \$4m, or more than 25 per cent. Cephlon slid \$3m or 13 per cent to \$23% and Chiron lost \$4% or 4 per cent at \$99% after analysts from Smith Barney repeated their belief that one

Canada

of the companies' new drugs

would not be approved by the Food and Drug Administration.

Cowen analyst lowered his estimate of subscriber growth the bullion price tumbled.

The TSE 300 composite index was 24.11 lower by noon at

> 45.4m shares. Arequipa Resources, down 40 cents at C\$24.85, was again in focus. The gold prospector weakened C\$6.95 to C\$25.25 on Tuesday after it encountered drilling problems at its Peruvian project.

5,200.40 in trading volume of

Inco retreated 20 cents to C\$44.40 as it said that the close of its C\$4.3bn deal to acquire Diamond Fields Resources had been delayed further. Diamond Fields, which owns 75 per cent of the Voisey's Bay deposit in Labrador, was C\$1.10 cheaper

#### SOUTH AFRICA

Worries about the political and economic outlook held Johannesburg back in subdued trade, with gold shares also bearing the brunt of sharply lower precious metals prices, which left the sector index 1.8 per cent down.

Analysts said institutions were largely absent from the market, although they hoped that the IBCA foreign currency rating for South Africa
- unchanged at BB - would provide some support today.

The overall index declined 23.7 to 8,614.8, industrials Toronto was pressured by a retreated 22.5 to 7,999.1 and

FFY4.6hm.

# Spotlight on losers as Paris holds firm

on the losers, although the CAC-40 index rose by a token 4.35 to 2,115.25, in turnover of

Canal Plus fell heavily, shedding FFr84, or 6.5 per cent, to FFr1,199 on reports that its German digital satellite televi-slon alliance with BSkyB, Bertelsmann and Havas was on the brink of collapse. Havas fell FFr4.10 to FFr433.50. Carrefour, the hypermarket

retailer which had risen by more than 30 per cent this year in a rerating, fell FFr48 to FFr2,742, after a FFr49 drop on Tuesday. Dealers said a big broker had triggered a wave of profit-taking when it adjusted its recommendation on the stock to "moderate buy" from "bny" after the long rally.
The day's winners included

Rhône-Poulenc, FFr3.30 higher at FFr131. London analysts suggested that it might be considering selling part of its stake in the US pharmaceuti-cals company Rhone-Poulenc Rorer. Bic, the pen and lighter maker, soared FFr45 to FFr640, after a meeting between com-pany officials and fund managers hosted by the broker Bourse SGE Delahaye. FRANKFURT had a muted run into today's holiday. Turn-

over edged up from DM6.9hn to DM7.7bn, but was flat after hours as the Dax index closed

Share prices swung both ways 0.61 firmer at an Ibis-indicated in PARIS, with the spotlight 2,551.63.

Higher US car sales for Volkswagen and Audi helped to extend VW's recent run, the shares going ex-dividend but rising by a net DM6.05 to DM549.50. SGL Carbon surfed on its New York quotation and ended DM9 ahead at DM169.

Other winners included Henkel and Wella prefs, the former up DM10.50 at DM658, as the market suspended Tues-day's disbelief in the Henkel family's conversion to shareholder value; Wella jumped DM45 to DM895 after Mr Joerg von Craushaar, its management board chairman, forecast a 25 per cent gain in operating

earnings this year, Deutsche Bank suffered for its contribution of DM550m to the DM1.06bn KHD rescue plan, falling 93 pigs to DM71.56. Mr Mark Hoge of Merrill Lynch was troubled by the bank's participation in the latest of a series of rescue attempts. How-ever, he added, less than half of the DM550m figure was likely to hit the bank's profit end loss account; it was small in relation to a DM36.5bn equity capitalisation; and Merrill maintained its buy recom-

mendation on the stock. ZURICH overcame early losses, although Roche and Nestlé, which had been sought ahead of their dividend pay-outs on Tuesday, were both

FT-SE Actuaries Share India Open 10,30 11,00 12.00 13.00 14.00 15.00 Close FT-SE Elembrack 100 1684.96 1685.00 1684.78 1884.09 1884.45 1883.80 1994.35 1684.20 FT-SE Elembrack 200 1726.17 1726.18 1728.84 1727.12 1728.84 1727.8 1728.80 1727.82 1728.80

Jun 3 May 31 May 30 May 29 1677.48 1667.68 1579.97 1719.12 1734.95 1729.60 1681,26 1727,74 SF7818. SMH, strong in recent days, ran into profit taking to close SF724 down at SF7856. marked sharply lower. The SMI index picked up 3.9 to 8,572 but Roche certificates fell

gave up SFr12 to SFr1,411. Elektrowatt, the utility group, dropped SFr9 to SFr443 on half-year results and a larger than expected one-time write-off of SFr80m which was

SFr95 to SFr9,500 and Nestlé

tied to problem property hold-ings in Switzerland.

Swissair picked up SFr8 to SFr1,248, as it raised its offer for the Allders duty free retail-ing business in Britain to £160m, topping the offer of the rival bidder BAA. Analysts said the market continued to take heart from indications that the Swiss airline appeared intent on increasing its involvement in non-core, but air travel related, business

Sandoz, SFr13 higher at SFr1.318, was seen profiting from rumours that Viag would make an offer for its MBT construction chemicals business. Adia remained on its upward track, advancing SFr8 to

on the rise. The shares gained L60 at L1,975. AMSTERDAM scraped to a new record high, closing 2.08 better at 570.69, compared with last Friday's previous all-time

peak of 570.09. Unilever's Fl 4.40 rise to FI 286.40, on the dollar and on talk of a UK broker's upgrade, boosted the index overall.

KLM weakened FI 1.90 to F159, as brokers noted that Tuesday's 16 per cent increase in net profits was boosted by the airline's revaluation of its stake in Northwest Airlines, of the US.

WARSAW was broadly lower, although gains by some index heavy stocks pushed the Wig 45.1 higher to 12.359.9 in light trade ahead of a public

holiday today. Bank Slaski roared 9.9 per cent higher to 216.5 zlotys on news that ING Group had raised its stake from 25.9 per cent to 33.15 per cent, paying 210 zlotys a share. ING said it expected to exercise its right to buy a further 20 per cent at the

PRAGUE continued to recover from Monday's bout of nerves, when inconclusive election results drove the market sharply lower; the PX 50 index of blue chip stocks picked up 9.0, or 1.7 per cent, to 540.4.

Written and edited by William

#### **ASIA PACIFIC**

# Karachi up 1.6% with big blue chips in lead

Mexican shares consolidate rally Mexico City consolidated Tuesday's advance, which followed several sessions of losses, and which created enough momentum to override a rise in primary interest rates at the central

bank's weekly anction of Cetes, or Treasury bills, late on Tuesday. In lunchtime trade, the IPC index was virtually flat, up just 1.80 points st 3,230.14 in quiet trade. Among specific issues, B shares in the cement giant Cemex were 30 centavos higher at 29.55 pesos, while BCP shares of the steelmaker

BUENOS AIRES marked time ahead of the US jobs data, due tomorrow, and as an absence of foreign demand kept the hid on domestic buying.

take profits after two months of gains, and with volume so tight, prices were easily swayed.

The Merval index, which tumbled 3.3 per cent on Monday, and was flat on Tuesday, edged 1.41 higher to 582.07. One analyst said that the market was taking advantage of a mini-cycle of negative news to

|                        | emerging            | MARKETS:       | IFC WEE               | KLY INVEST             | FABLE PRIC     | E INDICE              | S        |
|------------------------|---------------------|----------------|-----------------------|------------------------|----------------|-----------------------|----------|
| Market                 | No. of<br>stocks    | May 31<br>1996 | % Change<br>over week | % Change<br>on Dec '95 | May 31<br>1996 | % Change<br>over week | % Change |
| Lutin Americ           |                     | 527.74         | -0.9                  | +11.9                  |                |                       |          |
| Argentine              | (31)                | 911.01         | -1.5                  | +13.7                  | 568,265.29     | -1.6                  | +13.€    |
| Brazil                 | (68)                | 352.98         | +1.1                  | +16.8                  | 1,318.19       | +1.3                  | +18.7    |
| Chille                 | (43)                | 707.42         | -1.1                  | -5.5                   | 1,159.29       | -0.8                  | -5.0     |
| Colombia <sup>1</sup>  | (15)                | 623.03         | -1.0                  | +4.2                   | 1,183.81       | -0.7                  | +12.6    |
| Mexica                 | (65)                | 543.17         | -2.8                  | +19.9                  | 1,737.01       | -2.6                  | +15.4    |
| Peru <sup>s</sup>      | (20)                | 210.18         | +1.0                  | +6.8                   | 310.57         | +1.2                  | +11.8    |
| Venezuela <sup>3</sup> | (5)                 | 538.04         | -0.6                  | +60.9                  | 5,813.26       | -0.3                  | +122.7   |
| Asia                   | (631)               | 265.11         | -0.6                  | +14.2                  |                |                       |          |
| China*                 | (23)                | 59.74          | +2.9                  | +10.4                  | 62,77          | +2.9                  | +10.5    |
| South Koreas           | (145)               | 121.08         | -2.0                  | -3.9                   | 125.40         | -1.2                  | -2.3     |
| Philippines            | (35)                | 317,70         | +1.4                  | +22.4                  | 401.99         | +1.4                  | +22.2    |
| l'atwen, Chine         | r <sup>a</sup> (83) | 134.30         | -0.1                  | +19.1                  | 139,55         | 8.0+                  | +20.6    |
| ndie*                  | (76)                | 100.02         | +0.1                  | +24.5                  | 124.44         | -0.1                  | +24.0    |
| ndonesia <sup>a</sup>  | (44)                | 125.94         | -0.3                  | +14.8                  | 159.66         | -0.2                  | +17.2    |
| Vlaleysla              | (123)               | 316.74         | -1.5                  | +16.8                  | 292.11         | -1.1                  | +15.0    |
| akistan <sup>e</sup>   | (25)                | 299.43         | +3.2                  | +23.4                  | 474.91         | +3.4                  | +26.0    |
| id Lanka**             | (5)                 | 106.65         | -2.7                  | +2.5                   | 127.86         | -2.8                  | +5.8     |
| halland                | (72)                | 374.82         | +1.2                  | -0.3                   | 376.82         | +1.2                  | +0.2     |
| uro/Mid Eas            |                     | 140.89         | +3.0                  | -0.5                   |                |                       |          |
| zech Rep               | (5)                 | 74.05          | -0.6                  | +23.4                  | 68.18          | -0.6                  | +28.1    |
| reace                  | (47)                | 247.62         | +2.5                  | +2.5                   | 405.25         | +1.6                  | +4.7     |
| kingary <sup>h</sup>   | (8)                 | 162.96         | +0.4                  | +65.6                  | 292,41         | +0.0                  | +80.7    |
| ordan                  | (8)                 | 174.17         | -0.6                  | -5.7                   | 259.98         | -0.6                  | -5.7     |
| oland <sup>12</sup>    | (22)                | 633.27         | +1.1                  | +48.5                  | 1,069,87       | +0.6                  | +61.8    |
| ortugal                | (26)                | 126.46         | +1.6                  | +9.2                   | 137.02         | +1.1                  | +15.3    |
| outh Africa            | (63)                | 236.59         | +3.0                  | -8.8                   | 212.99         | +2.8                  | 49.6     |
| urkey"                 | (54)                | 130.40         | +6.2                  | +24.8                  | 4.816.42       | +6.3                  | +61.1    |
| Imbabwe*               | (5)                 | 384.30         | -0.8                  | +39.9                  | 556.47         | -0.8                  | +47.6    |
|                        | 44.44               | 200.04         | -04                   | .00                    |                |                       |          |

Indices are calculated at end-week, and weekly changes are percentage morement from the provious Friday. Base date: Dec 1985-100 except those noises which are: (15th 1 1901; (2)Dec 31 1992; (3)Am 3 1992; (4)Am 3 1992; (5)Am 3 1992; (6)Am 4 1901; (7)Nov 6 1992; (6)Am 2 1992; (6)Am 4 1901; (7)Nov 6 1992; (6)Am 2 1992; (6)Am 2 1992; (10)Am 2 1992; (10) Sri Lanka's stocks plumbed an eight-month low yesterday. Local investors were unable to escape from the pessimism generated by a series of seibacks, the latest of which was last week's power utility workers' strike which blacked out the island for three days. The all-share index closed 3.28 down at 639.57 although turnover jumped to SLRs47.1m from SLRs11m, reflecting continued overseas demand for blue chips, now viewed as interpretive by some foreign investors.

from SLRS11m, reflecting continued overseas demand for dide chips, now viewed as inexpensive by some foreign investors.

Analysts noted that the index had fallen through important psychological support at the 650-point level, prompting selling by downbeat local investors who saw the way open for further declines. Dealers also pointed to poor first-quarter corporate results which, though widely anticipated, also had an adverse impact.

Local investors had been badly shaken by a series of events which began with the January 31 Tamil separatist bomb blast at the Central Bank; this was followed by an unsuccessful attack on the Colombo port, daily eight-hour power cuts since mid-March after intermonsoon rains failed and water levels in the country's reservoirs began to minuse and finally, last week's nower workers' strike.

plunge and, finally, last week's power workers' strike.

Demand for the telecoms utility PTCL lifted sentiment in KARACHI, but Pakistan Y90 to Y6,960 and Matsushite Electric Industrial firmed Y10 to Y1,870. Some semiconductor related shares were lower on profit-taking, NEC losing Y10 at Y1,220 and Fujitsu slipping State Oil, too, outperformed by a street as foreign buyers anticipated a rise in oil product

prices in the 1996/97 budget. Y8 to Y992. Electric wire makers rallied on reports that a Chinese tele-The KSE 100 index rose 26.76, or 1.6 per cent, to 1,749.87. PTCL by PRs2.15, or 5.3 per com operator was seeking the cent, to PRs42.40 on stakebuildparticipation of foreign compa ing plans by foreign telecoms majors, and Pakistan State Oil nies in an underwater optical cable network project. Fujikura added Y15 at Y885 and by PRs26, or 6.5 per cent, to wa Electric Wire and Cable

PSO has outperformed the Y25 at Y631. market by 140 per cent since September 1994; the government has raised the prices of petroleum products twice already in recent months. moved ahead Y70 to Y1,160.

#### Tokyo

The dollar's rise to above Y109 and the overnight rally on Wall Street were good for senti-ment, but equities were mixed after profit-taking by investment trusts and other domestic institutions, writes Emiko

Terazono in Tolaso. gained a net 23.31 at 21,881.43 after extremes for the day of 21,784.36 and 21,985.93. Yen depreciation lifted export oriented high-technology, car and shipping companies before afternoon profit-taking came in at higher levels.

Volume totalled 314m shares, against 327m. Some institutional investora reshuffled their portfolios, but most domestic investors remained inactive ahead of tomorrow's release of the Bank of Japan's tankan, or quarterly survey of business confidence, which is expected to show a moderate

The Topix index of all first section stocks eased 0.45 to 1,675.10 and the Nikkei 300 by 0.01 to 310.89. Rises outnum bered declines by 532 to 487, with 193 issues unchanged

In London the ISE/Nikkei 50 index gained 0.87 at 1,467.53. Shippers, which settle their accounts in dollars, saw Mitsui OSK Lines up Y6 at Y364. Among exporters. Sony rose

Large shipbuilder and steel issues eased on profit-taking. Nippon Steel dipped Y6 to Y357

Roundup

Individual investors dabbled in speculative fevourites. Kanematsu, the trading house, hardened Y3 to Y720 and Copal, a camera shutter maker,

and Mitsnbishi-Heavy Industries lost Y6 to Y927. In Osaka, the OSE average

rose 56.39 to 23,192.10 in volume of 23.1m shares.

The unveiling of economic policy objectives by the new Indian government allowed BOMBAY to recoup early

The 13-party United Front government, sworn in on Saturday, promised an open door policy towards foreign investment in key areas, and the BSE 30-share index ended 19.59

ing 3,760.44 in early trading. SEOUL dabbled in small and medium-capitalisation stocks. and sporting goods makers rose on hopes that they would be boosted by the 2002 soccer World Cup games to be held in South Korea and Japan.

Danzas jumped SFr70 to SFr1,450 on news that the

transport group planned to co-operate in Europe with UPS.

MILAN reflected a dip in domestic bonda and, with

investors largely overlooking a fall in inflation data for May,

the Comit index gave up 1.12

A L178 tumble to L5,326 in Stet, the telecoms holding com-

pany, was attributed to news-

paper reports that the sell-off

of the state's 61 per cent stake could be delayed to next year. Pirelli moved forward L38 to

L2,620 in further positive

response to a meeting with analysts. Parmalat, Italy's larg-

est quoted food group,

advanced 3.1 per cent on strong foreign demand after

the company told analysts on Tuesday night that it was opti-

mistic about its rate of growth

this year and saw annual sales

at 661.92.

The sporting hopes, Kukje and Jin Woong, went limit high, up Won360 and Won420 respectively to Won6,500 and Won 7,570, as the composite

index rose 3.84 to 913.27.

BANGKOK dropped 1.1 per cent on selling of finance company shares, due to worry over a central bank move to tighten their loan loss provision

The SET index fell 14.18 to

with Thailand's largest financ house, Finance One, down Bt4 to Bt127 and National Finance off Bt3.50 at Bt98.50.

SHANGHAI'S A share index closed 49.198, or 7.25 per cent, higher at 727.422 but the Bs declined 0.700, or 1.45 per cent,

to 47.717. The A index gained on institutional buying of Pudong shares following the recent decision by the Shanghai government to move all major city finance and commodity markets to the Lujiazul finance and trade zone. The B index fell as Shanghai Huili Building Materials, issuing 80m new shares, said that its profits had dropped 40 per cent in 1995.

# First three months 1996

strong increase net profit: + 42% to NLG 736 million

| (in millions of gullders,<br>except for amounts per share) | First three<br>months 1996 | First three<br>months 1995 | %    |
|--|----------------------------|----------------------------|------|
| Result before taxation:                                    |                            |                            |      |
| - insurance operations                                     | 568                        | 482                        | 17.8 |
| - banking operations                                       | 490                        | 255                        | 92.2 |
| Net profil   | 736                        | 520                        | 41.5 |
| Profit per ordinary share                                  | 2.61                       | 1.92                       | 35.9 |
|  | 31 March<br>1996           | 3i December<br>1995        |      |
| Total assets   | 424,170                    | 396,264                    | 7.0  |
| Shareholders' equity                                       | 26,161                     | 23,777                     | 0.01 |

- ING Group's net profit for the first three months of 1996 showed a strong increase. Profit from the banking operations was substantially higher compared with the first three months of 1995 when the banking results were somewhat under pressure. The results of the insurance operations showed a considerable growth compared with the favourable first quarter of 1995. The increase in the result for the first three months should not be considered as indicative for the rest of the year.
- Shi In insurance, the result before taxation increased by 17.8% to NLG 568 million: life profit grew by 25.7% to NLG 308 million; non-life profit was down by 7.8% to NLG 59 million and the result from insurance operations - general increased by 16.2% to NLG 201 million.
- hi in banking, the result before taxation increased by 92,2% to NLG 490 million. The interest result rose by 8.1% to NLG 1,646 million. Commission income increased by 82.5% to NLG 595 million. The result from financial transactions improved strongly from NLG 42 million negative to NLG 234 million positive.
- Compared to the end of 1995, shareholders' equity increased by NLG 2.4 billion to NLG 26.2 billion, mainly due to the higher share prices and the profit for the first three months of 1996. Shareholders' equity per share rose from NLG 83.38 at the end of December 1995 to NLG 91.87 at the end of March 1996 (+10.2%).
- The Executive Board expects that, barring unforeseen circumstances, net profit for the whole of 1996 will be higher than the 1995 level.



The report for the first three months 1996 can be obtained at the follow ING Group, P.O. Box 810, 1000 AV Amsterdam, The Netherlands, Telephone: (+31) 20 541 54 71, fax; (+31) 20 541 54 51.

# FT/S&P ACTUARIES WORLD INDICES

| of stock Index Ind | Figures in parentheses US    | Day's  | Pound         |        |        | Local  | Local  | Gross | US     | Pound  |        |        | Local  |        |         | Year     |
|--|------------------------------|--------|---------------|--------|--------|--------|--------|-------|--------|--------|--------|--------|--------|--------|---------|----------|
| Australia (79)   |                              | Change |               |        |        |        |        | Div.  |        |        |        |        |        |        | 52 wook | ago      |
| Austrie (23) 190.57 -0.5 185.54 132.67 154.47 154.39 -0.2 1.81 190.07 120.73 144.62 167.12 182.82 0.3 4.09 209.96 200.95 143.73 186.84 182.50 275.87 180.06 180.8  | of stock index               |        | Index         | Index  | Index  | rugen  | on day | Yleid | Index  | Index  | Index  | Index  | index  | High   | LOW     | (approx) |
| Austrie (23) 190.57 -0.5 185.54 132.67 154.47 154.39 -0.2 1.81 190.07 120.73 144.62 167.12 182.82 0.3 4.09 209.96 200.95 143.73 186.84 182.50 275.87 180.06 180.8  | Australia (79)               | 0.0    |               | 141.02 | 162.96 | 170.31 | 0.3    | 4,33  | 204,65 | 195.85 | 140.08 | 162.41 | 189,83 | 212.18 | 162.68  | 165.20   |
| Beight   277   208.85  | Austria (25)193.97           | -0.6   | 185,54        | 133.67 | 154.47 | 154.39 | -0.2   | 1.81  | 195,01 | 186.63 | 133.48 | 154,79 | 154.68 | 199.28 | 158.11  | 197.9    |
| Carnets (99)   | Belgium (27)209.85           | -0.1   | 200.73        | 144.62 | 167.12 |        | 0.3    | 4.09  | 209.98 | 200.95 | 143.73 | 166.64 | 182.50 | 215.87 | 186.08  | 198.5    |
| Carresis (99)  | Brazil (26)198.24            | -0.1   |               |        |        |        |        |       | 168,31 | 161.07 | 116.21 | 133.57 | 309.28 | 171.08 | 123,97  | 148,2    |
| Dermark (60)   | Canada (99)164.80            | -0.2   |               | 113.57 | 131,24 |        | -0.2   | 2.33  |        | 158.02 | 113.02 | 131.04 | 163.72 | 165.12 | 134.14  | 140.6    |
| France (97)  | Denmark (30)292.69           | -0.2   |               |        |        |        |        |       |        |        |        |        |        |        |         |          |
| Cermany (ED  .   | Finland (23)199.41           |        |               |        |        |        |        |       |        |        |        |        |        | 276,11 |         |          |
| Hong Kong (59) 433,85 0.3 414.80 288.84 345.35 450.74 0.3 3.00 482.36 419.76 295.96 343.12 429.47 451.19 848.81 874. Palama (16) 283.86 0.3 271.33 195.46 256.80 251.90 0.3 3.40 282.79 270.83 195.57 224.45 251.15 283.66 228.88 230. https://doi.org/10.1001 | France (97)195.63            |        |               |        |        |        |        |       |        |        |        | 156,11 | 159,54 | 198.30 | 167.70  | 167.26   |
| Hong Kong (59)   | Germany (60)168.32           | 0.1    |               |        |        |        |        |       |        |        |        | 133.59 | 133.39 |        | 155,68  | 157.6    |
| Tably (89)   | Hong Kong (59)433.63         | 0.3    |               |        |        |        |        |       |        |        |        | 343,12 | 429.47 |        | 848.81  | 374.B    |
| Japon (481)  | ireland (16)                 |        |               |        |        |        |        |       |        |        |        | 224,43 |        |        |         |          |
| Mexico (19)  | Italy (50)82_44              | 0.3    |               |        |        |        |        |       |        |        |        |        |        |        |         | 75.32    |
| Mexico (18)  | Japon (481)154.19            |        |               |        |        |        |        |       |        |        |        | 121.99 | 105.22 |        | 137.76  | 153.60   |
| New Zestend (15)   | Malaysia (107)554.05         |        |               |        |        |        |        |       | 553,98 | 530.16 | 379.19 | 439,64 | 533.28 | 585.09 | 425,77  | 557.57   |
| New Zestend (15)   | Mexico (18)                  |        |               |        |        |        |        |       |        |        |        |        |        |        |         | 971,95   |
| Norwey (25)  | Natherland (19)              |        |               | 204,65 |        |        |        | 3.09  | 298.01 | 285,19 | 209.98 | 238,50 | 232.51 | 298.67 | 245,79  | 251.00   |
| Singapore (44)   | New Zeelend (15)77.73        |        | 74.36         |        |        |        |        |       | 78.24  |        |        |        | 61.02  |        | 76.26   | 82.54    |
| South Africa (45)  | Norwey (35) 252.53           |        |               |        |        |        |        |       |        |        |        |        |        |        | 221,20  | 222.58   |
| South Africa (49) 361-16 -0.6 345.46 248.91 287.63 345.39 0.0 2.10 363.25 347.84 248.84 288.28 345.37 437.76 338.91 348.85 pmin (37) 157.56 0.1 168.13 21.13 138.97 171.96 0.7 3.23 175.55 166.01 120.17 130.33 170.83 179.85 146.16 148.5 Sweden (49) 360.08 1.7 344.44 248.15 286.75 350.96 1.5 2.27 353.81 338.69 242.24 280.86 351.73 360.08 259.86 283.8 Sweden (49) 232.93 0.0 222.81 160.53 165.50 161.54 0.3 1.83 232.96 222.94 160.46 184.89 180.43 252.34 191.24 192.6 United (49) 236.16 0.3 225.90 162.75 188.07 225.90 0.3 4.10 236.36 222.94 160.46 184.89 180.43 252.34 191.24 192.8 USA (27) 274.06 0.8 263.16 188.87 216.25 274.06 0.8 2.15 277.83 260.24 186.13 216.30 271.83 270.24 215.87 217.8 USA (27) 252.3 287.40 180.87 216.25 274.06 0.8 2.15 277.83 260.24 186.13 216.30 271.83 270.24 215.8 USA (27) 252.3 287.84 170.11 187.23 208.22 252.40 197.68 196.7 225.20 180.09 180.75 225.20 180.09 180.75 225.20 180.09 180.75 225.20 180.00 180.77 225.23 277.45 210.29 180.45 210.29 210.29 210.29 210.29 210.29 210.29 210.29 210.29 210.29 210.29 2 | Singapore (44)412,26         |        |               |        |        |        |        |       |        |        |        |        |        |        | 355.81  | 410.10   |
| Spain (37)   | Scuth Alrica (45)            |        |               |        |        |        |        |       |        |        |        |        |        |        | 338.91  | 348.54   |
| Systematric (35) 232.93  | Spain (37)175.76             |        |               |        |        |        |        |       |        |        |        |        |        |        |         | 148.30   |
| Systematric (36) 232.93 0.0 222.61 160.53 165.50 161.54 0.3 1.83 232.96 222.94 166.46 164.68 160.43 232.34 191.24 192.67 171.11 177.41 -0.3 169.70 122.26 141.26 174.48 -0.3 1.96 177.97 170.22 121.92 141.24 174.93 183.95 146.74 174.9 184.95 146.74 174.93 183.95 146.74 174.94 184.95 146.74 174.93 183.95 146.74 174.94 184.95 146.74 174.94 184.95 146.74 174.94 184.95 146.74 174.94 184.95 146.74 174.94 184.95 146.74 174.94 184.95 146.74 174.94 184.95 146.74 174.94 184.95 146.74 174.94 184.95 146.74 174.94 184.95 146.74 174.94 184.95 146.74 174.94 184.95 146.74 174.94 184.95 146.74 174.94 184.95 146.74 174.94 184.95 146.74 174.94 184.95 146.74 174.94 184.95 146.74 174.94 184.95 146.74 174.95 184.74 174.95 184.75 184.95  | Sweden (48)360.08            | 1.7    | 344.44        | 248.15 | 286,75 |        | 1.5    | 2.27  | 353,91 | 338,69 |        | 280.86 | 351.73 | 360.08 | 259,96  | 263,65   |
| Thelland (46]  | Switzerland (36)232.93       | 0.0    | 222.81        |        | 185.50 | 181.54 |        | 1.83  |        |        | 159.46 | 184,88 | 180,43 | 252.34 | 191.24  | 196.63   |
| United (91) 236.16 0.3 225.00 162.75 188.07 225.90 0.3 4.10 236.35 225.23 161.09 189.77 225.23 237.43 210.29 215.28 USA (827)  | Thalland (46)177,41          | -0.3   | 189.70        | 122,26 | 141.26 |        | -0.3   | 1.98  | 177.97 | 170.32 | 121.62 | 141.24 | 174.93 | 193,25 | 146.74  | 174.91   |
| Americas (772)   | United Kingdom (201)235.16   |        |               |        |        |        |        |       |        |        |        |        |        |        | 210.29  | 215.84   |
| Europe (715)   | USA (627)274.06              | 0.8    | <b>262.1e</b> | 188.87 | 218.25 | 274.06 | 0.8    | 2.15  | 271.93 | 260,24 | 186.13 | 215.80 | 271.93 | 276.24 | 215,77  | 217.89   |
| Europe (716)   | Americae (772)250.58         | 0.8    | 239.51        | 172.55 | 199,40 | 210.47 | 0.7    | 2.1S  | 248.52 | 237,84 | 170.11 | 197.23 | 208.92 | 252.40 | 197.68  | 198.74   |
| Nordig (139)   | Furgoe (715)210.24           | 0.1    | 201.11        | 144.89 | 167,43 | 184,60 | 0.3    | 3.08  | 209.94 | 200.91 | 143.70 | 168.61 | 184.00 | 211.35 | 187.21  | 189.52   |
| Pacific Basin (831)  | Nordic (139)306.40           | 1.1    | 293.18        | 211.22 | 244.08 | 267.62 | 1.0    | 2.23  | 303.17 | 290.18 | 207.51 | 240.60 | 264.97 | 306.48 | 250.62  | 253,40   |
| Barol-Pacific (1546)   | Pacific Resin (837)187.32    | 0.3    | 180.05        | 115.31 | 133,26 | 117.42 | 0.8    | 1.17  | 166.90 | 159.72 | 114.24 | 132.45 | 116.45 | 177.01 | 148.86  | 163.60   |
| North America (720) 257.26 0.8 255.68 184.20 212.88 296.81 0.8 2.16 268.30 253.89 151.59 210.54 264.63 269.33 211.12 213.15 Europe Ez. UK (514) 191.14 0.0 182.84 131.73 152.22 159.82 0.3 2.47 181.06 182.86 130.79 151.64 159.27 182.67 186.40 170.8 Pacific Ex. Japan (350) 186.47 0.1 278.61 199.26 230.25 249.00 0.2 3.07 286.89 276.57 197.81 299.35 246.55 266.88 245.69 269.89 Norté Ex. UK (2162) 186.47 0.2 178.37 128.51 148.50 147.41 0.8 2.07 185.13 178.13 127.40 147.72 146.59 191.55 167.38 174.5 Norté Ex. UK (2162) 211.36 0.5 202.18 146.86 188.32 179.51 0.7 1.91 210.41 201.37 144.02 186.99 178.28 213.05 180.73 186.09 Norté Ex. UK (2162) 248.31 0.5 233.61 169.78 198.15 233.44 0.8 2.51 245.13 234.59 167.79 194.54 232.15 246.49 205.87 207.6   | Perp. Books (1546) 185.10    |        | 177.06        |        | 147.41 | 142.87 | 0.8    | 2.06  | 184.73 | 176,78 | 126.44 | 146.60 | 142.03 | 190.57 | 166.51  | 174.80   |
| Europe St. UK (514)  | Marth Asserted (726) 267 20  |        |               |        |        |        |        |       |        |        |        |        |        |        |         |          |
| Pacific Dr. Japan (350)  |                              |        |               |        |        |        |        |       |        |        |        |        |        |        |         |          |
| Norld Ex. US (1736) 188.47 0.2 178.37 128.51 148.50 147.41 0.8 2.07 185.13 178.13 127.40 147.72 148.50 191.55 167.36 174.5<br>Norld Ex. UK (2162) 211.36 0.5 202.16 145.66 188.32 179.51 0.7 1.91 210.41 201.37 144.02 166.99 178.28 213.05 180.73 185.0<br>Norld Ex. UK (2162) 248.31 0.5 233.61 169.78 190.15 233.44 0.8 2.51 245.13 234.59 167.79 194.54 232.15 248.49 205.67 207.61  |                              |        |               |        |        |        |        |       |        |        |        |        |        |        |         |          |
| Norld Ex. UK (2162) 211.36 0.5 202.16 145.66 168.82 179.51 0.7 1.91 210.41 201.37 144.02 166.99 178.28 213.05 180.73 185.0<br>Norld Ex. Japan (1882) 246.31 0.5 233.61 169.78 196.15 233.44 0.6 2.51 245.13 234.59 167.78 194.54 232.16 246.49 205.97 207.6  |                              |        |               |        |        |        |        |       |        |        |        |        |        |        |         |          |
| Nortd Ex. Japan (1882)   |                              |        |               |        |        |        |        |       |        |        |        |        |        |        |         |          |
| item for docum transfer  |                              |        |               |        |        |        |        |       |        |        |        |        |        |        |         |          |
| The World Index (2363) 213.60 0.4 204.32 147.20 170.10 183.88 0.7 2.10 212.65 203.51 145.56 166.76 162.55 214.70 163.63 167.75   | Norld Ex. Japan (1882)246.31 | 0,5    | 235.61        | 169.78 | 196.15 | 233,44 | U.S    | 2.51  | 245.13 | 234.58 | 167.79 | 194,54 | 232.16 | 248.49 | 205,87  | 207.65   |
|  | he World Index (2363)213.60  | 0.4    | 204,32        | 147.20 | 170.10 | 183.88 | 0.7    | 2.10  | 212.65 | 203.51 | 145.56 | 186.76 | 182.55 | 214.70 | 183.83  | 187.75   |

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Problems have been exacerbated by bad government and uneven wealth distribution

Despite fine speeches and a few promising initiatives, Brazil's roll call of human rights outrages continues to lengthen. After Carandiru (where 111 prisoners were shot dead by police) and Candelária (where street children were assassinated by off-duty policemen), the country has been shocked in the past 12 months by events at Corumbiara and Carajás, wben police gunned down more than 30 landless

These massacres represent just the most visibla evidence of Brazil's enormous social problems, which have been compounded by inequality and years of bad government.

Even the most optimistic Brazilians admit that tackling the difficulties will take a very

> Brazil's richest 10 per cent earn 43 times more than the poorest 10 per cent

"Solving social problems cannot be done in a populist way, it has to be long-term, through things like investing in education. It all takes a long time to show through," says Marco Maciel, the Brazilien

In some respects, Brazil's social problems are to be expected in a big, developing country. Rapid urbanisation since the 1950s threw millions of families into the cities, where jobs and basic services such as health and sanitation were scarce.

The economic problems of the 1980s left many state and city governments without the cash needed to deal with the increased demand on school and hospital places. Illiteracy among the over 15-year-old population has been cut in half since 1960 but nevertheless

remains high at 20 per cent. Regular health scendals, such as one that took place that earlier this year when en infected dialysis machine killed more than 40 people in the state of Pernambuco, show the precariousness of the pnb-lic health system.

But Brazil's most glaring social problem is its unfairness. According to the World Bank, Brazil is one of the most unequal societies in tha world. Last year, the poorest 50 per cent of the population received just 12 per cent of income. while the richest 20 per cent received 63 per cent. The poor's share of income

has fallen consistently since 1960 as successive governments have been unwilling or unable to put in place policies aimed at redistributing wealth. Paulo Levy, a Rio de Janeiro economist, says much of the distortion stems from the very ricb. Brazil's richest 10 per cent earn 43 times more than

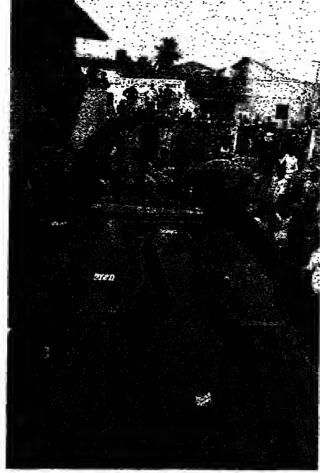
the poorest 10 per cent. In the

US, where wealth inequality is considered high by world standards, the ratio is just 24 times. President Fernendo Henrique Cardoso, a former left of centre sociologist, likes to claim that Brazil is no longer undardeveloped, meraly unjust. His background end apparent determination to tackla social problems led to enthusiasm about the potential for change when he took office

in January last year. Eighteen months later, however, Mr Cardoso's government has come under attack for doing too little, its campaign to help society's most under-privileged members has been undermined by high-level resignations from former supporters who claim that the government was not committed to the

Most critics claim Mr Cardoso's political alliances in Congress, especially with the right wing Liberal Front (PFL), have constrained his actions on the social front. Some say that Mr Cardoso, as a wealthy member of Brazil's élites, was always more interested in writing about social problems than solving them.

There have been some signs of progress. The latest massacre of landless farmers, when police killed at least 19 people in the state of Para, infused a



Sign of trouble: the coffins of landless peasants who were killed by police in April this year

new urgency into the govern-ment's timid land reform programme. Mr Cardoso wants to settle 280,000 landless families during his four-year mandate, even though rural unions say the demand for land is several

times higher. A new emphasis on primary education is also winning International support, even though the effects will take many years to show. The government hopes to channel more resources into primary achools, which in the past often lost out to well-funded universities.

It also hopes that by hetter ending and better training of teachers, the quality of Brazil's schools could rise rapidly. In many areas, especially in the cities, primary school class sizes would fall dramatically if children were better taught end did not need to repeat school years.

At present, the average child takes 12 years to complete the eight years of primary educa-A national programme for

human rights, announced last month and praised by several non-governmental orgenisations, contained important provisions for tackling short-term problems such as urban violence, police brutality and forced labour. As with so many other

aspects of Brazil, however, laws and programmes are ineffective without proper implementation. Especially in poorer atates in the north and north-east, judiciaries are controlled by local politicians and often frustrate rather than co-operate with federal authori■ Environment: by Leslie Crawford

# lean up gets under way

Participation in global trade has proved a catalyst for the adoption of cleaner processes

Cubatão, a vast industrial complex near the port of Santos, was once the epitome of Brazil's environmental disaster. Acid rain killed the Atlantic rainforest, oil leaks and toxic waste clogged rivers and mangroves, the air was unbreathble and children were born with horrific deformities.

The wastelend, which con-centrates 16 per cent of Brazil's heavy industry, will never be a Garden of Eden, but a serious effort is under way to repair the damage caused by decades of unfettered industrial activ-

The clean-up of Cubatão, backed by \$400m of loans from the Inter-American Developmeot Bank end Brazil's National Development Bank (BNDES), indicates a growing environmental awareness among Brazilian industrialists. The opening of the Brazilian economy has been excellent news for the environment," says Dalia Maimon, a professor of environmental economics at the University of Rio de Janeiro. Privatisation and environmental barriers to international trade, she says, bave proved a more effective cata-lyst for the adoption of cleaner ndustrial processes than the ineffective - and unenforceable legislation that exists.

"It is positive that industry is responding to market signals

undertaking the huge policing effort required by the old command economy." Ms Marmon says.

Isaura Frondizi, a director at BNDES's environmental department, says the bank has lent R\$1.6bn for euvironmental projects over the past five years. "The blggest demand." sbe says, "has come from recently-privatised steel and petrochemical companies. which accumulated hig environmental liabilities under state ownership."

Competition for scarce capltal has also forced Brazilian companies to incorporate environmental planning into their investments. BNDES, virtually the only source of long-term finance in Brazil, oow demands Environmental Impact Assess ments to consider project fin-ancing. Commercial banks are

beginning to follow suit. Last November, BNDES and other state-owned regional devalopment banks, wbicb together lend R\$22bn a year. signed a "Green Protocol" to give priority to environmentally-sustainable industrial and agricultural projects. The banks also committed themselves to withholding finance from companies which fall foul of Brazil's environmental authorities. Ibama, the Brazilian Institute for the Environment and Renewable Natural Resources, estimates unpaid fines for environmental offences total more than

Ms Frondizi says ber bank will no longer finance activities such as the pig-iron industry in state of Para, which uses cbarcoal made from the illegal felling of the Amazon rain forest. Logging and saw-mills are also incligible for BNDES finance. "We are only backing sustainable forestry projects," she says.

But the environmental permits ueeded to set up most industrial businesses in Brazil bave created a bureaucratic log-iam often over-ruled by politicians or industrial groups when jobs or important investments are at stake.

At São Carlos, a small town in São Paulo state, a beated legal battle is being fought between Volkswagen and environmental groups which allege the German carmaker is building a \$250m plant without the required permits. The local authorities waved

the oeed for environmental permits because they so des-perately wanted Volkswagen to locare in São Carlos," says Marcelo Pereira de Souza, a university professor who helped ioitiate legal action against Volkswagen, "The company is very welcome io São Carlos, as long as it complies with the law." A spokesman for Volkswagen would not comment on the dispute. BNDES officials admit com-

panies, often frustrated by Brazil's sluggish bureaucracy, may be tempted to jump the gun. There are not enough qualifled people to process all the documentation," Ms Frondizi says. "It can take more than two years for environmental permits to be granted. We need a more agile service to accompany the pace of investments."

At Cetesh, the anvironmental protection agency, for São

Paulo, a state which produces almost half of Brazil's output, director Nelson Nefussi agrees that Brazil's legislation is cumbersome and that fines do not always act as a deterrent. "I would like to move to a system of self-assessment, where the onus would be on industries to monitor Ibemselves, under the threat of far beavier penalties against offenders," he says.

Brazil's privatisation pro-gramme and growing foreign investment have also put environmental issues on the indus-trial agenda. "Privatisation and foreign acquisitions are forcing Brazilian corporations to factor the cost of pollution ioto the value of their assets." says Cristina Knapp, an environmental consultant with Dames & Moore, "The cost of dealing with environmental llabllities has become a determining factor in the price of a

sale," she says. The beneficial influence of foreign investors, however, has vet to be felt by the broader universe of small and mediumsized rompanies, many undercapitalised and without access to environment-friendly tech-

nology. "Small companies need special belp," says Ms Maimon in Rio de Janeiro. "They need to be taught how environmental management can help them cut costs, and how eco-activities such as recycling represent business opportunities." With Sebrae, a government agency, Ms Maimon has set up training courses for small businesses on environmental management that she says more than 1.500 companies will attend this year.

at the top of the World Bank's inequality league. And while she praises Mr

investment in education, she is more critical of the government's attempts to reform Brazil's labour laws in order to make hiring and firing easier for employers.

Cardoso's efforts to increase

"The government has got its priorities wrong," Dr Cohn

"It wants to tackle rigidities in our employment laws without addressing the problems of child labour or slave labour which still exist in Brazil."

# The gulf widens

Continued from page 3 Some of these farmers, after falling into debt, decide to give up their plots and return to their goats back in the

sequio (arid) lands. The short-comings of past policies have been compounded by new worries linked to the liberalisation of the Brazilian economy. The north-east views Brazil's customs union with Argentina, Uruguay and

While the region's exports to Brazil's Mercosur partners have more than doubled in the past three years. north-easterners believe the trade pact will encourage investments to gravitate to

southern Brazil. Unfortunately, the country's changing economic realities have not produced meny new ideas on the best way to tackle Brazil's yawning regional end

social inequalities. Dr Amélia Cohn, a professor of preventive medicine at the University of São Paulo, who also drafted Brazil's policy document for the United

Nation's social development summit in Copenhagen, believes President Fernando Henrique Cardoso's drive to open the economy and shrink the state will lead to a further concentration of wealth, in a country which already ranks

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# BAHIA

# Mirror to the motherland

While a synthesis of African, European and indigenous cultures gives the state a unique character, its social and economic problems reflect patterns seen at a national level, says Angus Foster

The Brazilian state of Bahia is the product, and the symbol, of the country's best and worst. An area the size of France, Bahia has a rich culture and great natural wealth. But most Bahians still live to poverty, in one of the world's most

unequal societies.

The state's government hopes free markets, tourism and new industries such as cellulose can provide the jobs and tax revenues for the future. But unless Bahla's huge social problems are also addressed, the government's claims to be making progress will remain in doubt.

Bahians like to remember that theirs is the cradle of modern Brazilian civilisation. The first Portuguese explorers landed near the southern city of Porto Seguro in 1500. Salvador, the state's capital, was capital of all Brazil until 1763. Wealth from gold, sugar and millions of Africao slaves turned Salvador into the richest city io the Americas, and huilt Baroque churches which earned it the sobriquet of "the black Rome".

The Portuguese, who were finally expelled in 1823, left one of their most impressive collections of colonial architecture, once crumbling hut now restored, in the district of Pelourinho.

More recently, Bahia bas been the nursery for national idols such as the singer-soogwriters Caetano Veloso and Gilberto Gll and for Brazil's most famous living author. Jorge Amado.

Jorge Amado.
In the past decade, a reworking of Bahia's synthesis of African, European and indigenous cultures has created axé music, now being exported throughout Latin America, black con-

sciousness movements such as Oludum and Filhos de Gandhi, and an annual carnival which is being promoted as an alter-

native to Rio de Janeiro.

"The Bahian is a different citizeo, formed by the diversity of races, and moulded with his own characteristics," says Antonio Carlos Magalhaes, a three-time state governor and one of Brazil's most powerful politicians. "Maybe it's something in the light in Bahia, or something which oature has given us," be says.

And yet, despite so many reasons for pride, Bahia has had a bad century, along with much of the poor north-east of Brazil. Traditional industries such as sugar and cocoa have suffered from underinvestment and international competition.

The industrialisation of Brazil's south meant the central government was only sporadically coocerned about the north-east, which slipped behind in terms of wealth and social indicators.

These factors encouraged

These factors encouraged political systems where the state government distributed patronage in return for votes and cared little for its citizens outside election periods.

Mr Magaihāes retains an

iron grip on the state, where he is usually referred to hy his initials of ACM. Opponents often claim he is partly responsible for Bahia's underdevelopment, "Poverty allows political domination," says Lídice da Mata, the mayoress of Salvador.

But it is the whole Bahian political system, rather than individuals, that is out of date. As elsewhere in Brazil, politics is organised around individuals rather than ideology, political parties are weak and elec-

tion fraud is common.

The system, by allowing Mr Magalhäes' preeminence, has stucted the development of effective opposition and interest groups to represent the many excluded sectors of society. But most opposition politicians, on the occasions they have held power, bave employed the same populist initiatives! Mr Magalhäes has

"There's very little difference between any of our politicians - it's just that ACM is so much better than analyst.

Despite its previous reliance on agriculture, Bahia's economy has made progress in diversifying. A petrochemical complex near Salvador, installed under Brazil's 1964-1985 military government to spur regional development, is Brazil's largest.

The state also has important metals and service industries such as banking. Its economy, the higgest in northern Brazil, accounts for half the northeast's exports.

Paulo Souto, elected as governor in 1994 thanks to Mr Magalhäes hlessing, says agroindustry and tourism are the hopes for the future. Grain production, mainly in the west of the state, has quadrupled to 2m tonnes in the past five years while irrigation projects along the \$30 Francisco river have turned the state into an important producer of tropical fruits. Two forestry projects in the south of the state will start producing cellulose, probably for export, early next century.

However these projects are generating few johs and, for demographic and social reasons, the creation of employment is an urgent priority. Of the state's 12m population, probably about 5m live in rural areas, the largest such population in any Brazilian state.

More than 40 per cent of Bahia's jobs are in the agricultural sector, compared to less than 10 per cent in some rich



s heritage: black conectousness movements such as Otudum have emerged in the p

southern states. This suggests that in coming years the sector will shed rather than create jobs, as farming techniques are modernised.

Meanwhile, Bahia's 12m population is growing at 2 per cent annually and its cities are growing at 3.79 per ceot, both above the Brazilian national average.

Unemployment is difficult to measure accurately because of the informal economy, but studies suggest 40 per cent of the economically active population is unemployed or under-

L étical man

The critical need to create jobs, especially in the cities, expiains the government's eothusiasm for tourism. As well as its cultural heritage, Bahia also possesses a spectacular coastline, some of the best beaches in Brazil and an excel-

Tourist arrivals have been growing, but not as quickly as first hoped. One problem in attracting international tourists is Brazil's size. Most visitors want to see Rio and the Amazon sheed of Bahia.

Domestic tourism is constrained by Brazil's expensive internal flights while the poor

quality of the road network

makes bus travel long end

painful.

"Tourism is perfect for us, we have the vocation for it, but the infrastructure is still poor." says Renata Proserpio at the government's economic studies

superintendency.

Brazil's famously unequal wealth distribution is exemplified by Bahis. According to 1990 government figures, the poorest 20 per cent of Bahians

PIALII PERNAMBLICO Recita

Chizzeiro ALAGOAS Miles

Carriacion SERSIPE
Byrolizo

Bushas

Coas

C

survive with just 3 per cent of total income. The richest 20 per cent, meanwhile, receive 70 per cent, making Bahia one of the most unequal sociaties in Brazil and the world. The figures also show that the buge investments in petrochemicals, planned to develop the whole region, benefitted few people. Brazil's recent economic stahility will have channeled extra income to the very poor, and some economists say income figures can mislead because families in the poor interior often survive by sub-

sistence farming.

But millions of Bahians continus to live on the minimum salary of R\$112 a month, or less. Millions more live in shanty towns around Salvador and other cities, usually without water, sewerage or basic health services. According to government figures, illiteracy among the population of five years and over fell only 2 percentage points to 41 per cent in the decade to 1991.

The government says progress has been made tackling social problems, According to United Nations Children's Fund figures, the state's infant mortality rate has fallen from 99 per 1,000 live births to 61 between 1980 and 1992. But other north-eastern states have cut infant mortality quicker. Our indices are not favourable, they're shameful even, but they've improved a lot in the past 10 years," says Mr Souto. He says solving social problems cannot be left to his government alone, and that the scale of problems means the central authorities must help.

But the government of President Fernando Henrique Cardoso faces severe hudget problems and is trying to keep

spending to a minimum.

Bahla does have one significant advantage over other north-eastern states – Its public finances are in good order. Unlike some Brazilian atates which lose more than 90 per cent of tax revenues paying staff, Bahia's pay roll coosumes only 60 per ceot. The money left over, which last year totalled R\$350m, is being spent on roads, education and

sanitation projects.
Only 25 per cent of Salvador's homes are connected to sewerage systems. Mr Sonto wants to raise that figure to 80 per cent in four years. Critics say the figure is optimistic, hut they welcome the initiative.

they welcome the initiative.
Opinion polls indicate that
Mr Souto is doing a good joh,
although it is difficult to tell
how far his approval reflects
Mr Megalhäes' popularity.
More importantly, the new
governor will be judged by his
actions at the end of his mandate.

Having been at the forefront of so much of Brazil's history and culture. Bahia faces a choice. It could embrace a new model of development in which Brazil's still young democracy can represent more broadly the views of the population, and where wealth and resources are more evenly spread.

The alternative would be to allow the divisions within Bahia to continue to widen, and the state be left further behind compared to the rich

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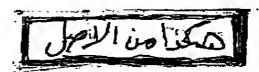


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think Bahia should concen-

trate on its natural abilities.

which are tourism, agriculture

José Sergio Gabriele de Azev-

edo, an economist of the Fed-

eral University of Bahia,

believes Bahia will pay dearly

for the failure of past develop-

ment policies to raise the hy-

ing standards of Bahia's rural

concentrated wealth in the

hands of a very small indus-

trial and farming clife," he

By ignoring the need to edu-

cate and train Bahia's labour

force. Mr Gabriele believes the

state is now ill-equipped to

meet the demands of a modern

economy. More than to per

rent of Bahia's population is

illiterate toomnared with an

illiteracy rate of 10 per cent in

Brazil's somhern statest, while

half of Bahia's labour force has

completed only one year of

Income levels are also always

mally low, with some 44 per cent of Bahian families surviv-

ing on less than \$200 a mouth.

according to a 1990 govern-

A better income distribution.

Mr Gabriele argues, would

have created the demand for a

labour-intensive horticulture

industry, for example, helping

to provide employment for the

5m people (40 per cent of Bah-

Better education would also

bave allowed Bahia's subsis-

tence farmers to integrate

themselves into commercial

ia's population) who still live

schooling.

ment survey

In rural areas.

"The old development model

and mining."

and urban poor.

Politics in Bahia Is both extremely simple and extremely complicated. It is straightforward because nearly all power is controlled by one man, Senator Anlônio Carlos Magalhães, tt is confusing because of the opacity of his old-fashioned style of govern-

Mr Magalhäes, widely known by his initials ACM, bas been in power so long that the word opposition is only used to refer to his rivals. Drawing on his second name, the state is divided between Carlistas and anti-Carlistas and he is often described as the "emperor" of

Born into a middle class family. ACM's power base has oeen huilt on a genius for politics, ruthlessness and deft timing in negotlating Brazil's swings between clvilian and military government. He was one of the mainstays of the

> 'Do you think one man could have achieved all this without standing for good causes?"

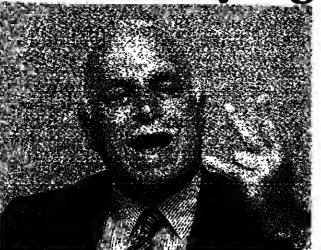
1964-1985 military regime, yet wily enough to distance himself from it in time to become minister of communications under the first civilian government once the generals retired.

He has been governor of Bahia three times. In 1994, when he was elected as a senator, his backing was strong enough to secure the election of his chosen successor as governor, Paulo Souto, He also helped elect an outsider to the other senate seat on offer, as well as 22 of Bahia'a 38 federal deputies.

In a further display of infinence, his son Luis Eduardo was appointed president of Brazil's lower house of Congress and is a likely candidate for state goverrnor in the 1998 elections.

ACM's opponents portray him as an out of date bully and claim his paternal style of politics is one reason for Bahia's social problems. Politicians in poor parts of Brazil are often accused of huying votes, literally and metaphorically, and Bahia is often cited as a centre of election irregularities. His aggression and short temper

government which has been overtaken, he's too conservative and stuck in the past."



The 'emperor': Senstor Antônio Carlos Magainties (ACM)

says Lidice da Mata, mayoress of Salvador.

ACM dismisses the criticism. Do you think one man could have achieved all this without standing for good causes?" he saya, "If Bahia is changing as they say, it's thanks to me hecause I've put forward all the best names. Look at the present governor, who I put forward as a technician but who's now a competent, serious politician."

Brazil has a long tradition of strong-arm politicians, especially in poor regions such as the north-east. The system hecame known as "coronelismo", because local leaders were known as colonels after the military ranks they bought as status symbols.

Uulike his predecessors, however, ACM came from an urban rather than rural landowning family. He also quickly realised the growing importance of the media in politics and elections. During his time as communications minister. he managed to gain control of Bahia's five main broadcasting coocessions. He and allies are also alleged to control more than 50 radio stations in the

His power evokes comparisons with totalitarian regimes. Earlier this month, a hig Salvador-based bank reopened after ACM pressured the central government not to shut It down. An editorial in the Correlo da Bahia (proprietor: ACM) thanked him for his campaign, saying: "Few public figures have shown such fearlessness and even daring in launching themselves in defence of the interests of their

An open letter from the state's six higgest husiness chambers was even more gush-ing in its praise for a victory which "once again highlights your competence and love of this land, which owes you so

ACM, who has spent 42 of his 69 years in politics, is active for his age and shows no signs of fatigue. Having suffered one heart attack, however, there is



always speculation about the elect his choice for mayor His son Luis Eduardo is the of Salvador, the only important

Wooing the foreigners

natural inheritor of ACM's job in the state which he does political "maquina", machine, and at some stage will almost certainly use tt as a springboard for Brazil's presidency.
In the meantime, the "oppo-

sition" seems so weakened by sive defeats that the Carlistas' bold over the state seems assured for some time. with or without their patron. ACM himself will be out on the campaign trail again later

On a recent trip to Japan,

Cardoso did his utmost to

vehicle assembly in the

not successful. Despite

persuade Honda to locate a

north-east of Brazil. Ha was

appetising incentives, it is

huild its factory in the state

Bahia, bowever, has not

given up hope of attracting a

major vehicle manufacturer.

Even if you are a latecome

like Bahia, you can still join

He is not deterred by the

parts to a foreign assembler.

to bring their suppliers with

them," Mr Carreira argues.

Such has been the case with Fiat, the Italian car maker

which has chosen to locate in

Mînas Gerais, Bahia's

southern neighbour, and

an assembly plant in the

southern state of Paraná.

The Brazilian Congress is

debating a package of incentives to attract vehicle

makers to the north-east

Carreira believes will help

which, if approved, Mr

Renault, which is building

Foreign vehicle makers tend

manufacturers to supply

believed that Honda will

of São Paulo, Brazil's

industrial beartland.

the game," says Luiz Carreira, Bahia's state

planning secretary.

bsence of local

President Fernando Henrique

this year when he hopes to

Hls candidate, Antônio Imbassahy, has a good chance of winning, especially since the opposition" is divided over whether to unite behind a single challenger.

"The opposition's weakness stems from their incompetence. Eve defeated all of them put together two times. Who gave me the backing to do that was my people," says ACM.

Bahia draw a foreign car

But others believe the state

government is out of touch

antomobile industry is like

Carlota Gottschall, a Bahian

economist. "The states who

paradigm of development.

possess it feel blessed by this

That is why Bahia also wants

a vehicle industry of its own.

But no amount of tax breaks

will compensate for the lure

of the markets and industrial

Bahia feels it handicapped by

its under-development. "It is

easier to privatise a highway

in the south of Brazil than in

the north-east." Mr Carreira

putting ont private tenders

new economic policies may

necessarily advantageous for

That is why Mr Carreira

should continue exercise his

Leslie Crawford

believes President Cardoso

"powers of persuasion" to direct private investors to

be good for the country

says. "The same goes for

for services such as sanitation. So while Brazil's

whole, they are not

the north-east.

the north-east.

In these and other ways.

skills of the south."

an icon in Brazil," says

competition, "The

with the harsh new world of

of economic development is no longer able to generate growth

The state's model

Brazil's reluctant embrace of market economics and free trade is forcing Bahia to grapple with an uncertain future as it confronts the limitations of its outdated model of develop-

The largest state in the poor north-east was the main beneficiary of centrally-planned industrialisation drives and federal government money during the 1970s and '80s, when Brazil's largest petrochemical complex was built outside Salvador, the state capital, and manufacturing overtook agriculture as the mainstay of Bahia's \$25bn-economy.

Large, government-funded irrigation projects brought commercial farming to Bahia's arid interior, while fiscal incentives gave birth to new industries such as metal refining and the production of paper pulp from eucalyptus planta-

Bahia's state-propelled industrialisation allowed it to out-pace the growth of the Brazilian economy during the 1980s. But the 1990s have seen a reversal of this trend. Severe drought in 1992 and 1993 hlighted agricultural production, while the opening of the Brazilian economy has exposed Bahia'a protected manufacturing base to outside competi-

As a result, Bahia's eco-

| Employment        | (1990) |
|-------------------|--------|
| Sector            | %      |
| Agriculture       | 42     |
| Others            | 1 1    |
| Public sector     | 5      |
| Services          | 29     |
| Commerce          | 11     |
| ivil construction | 6      |
| ndustry           | 6      |

compensated for by the expansion of tourism and trade.

the economy of the more pros-

Brazilian currency. Fruit

exporters from Chile bave also

Exports from the

2.1

1991 1992 1993 1994 1995

-1.5 5.0

9.9 5.7

1.4 -2.4 -0.9

Brazil's efforts to put its federal finances in order have affected Bahia in a number of ways. Cutbacks in central government spending have led to the raptd deterioration of federal highways, ports and rallroads, bludering Bahia's attempts to integrate itself into

perous southern states. Bahia was nevertheless quick to grasp the implications of the withdrawal of central government help. Over the past five years, the state administration has practiced self-reliance, ordering tts own finances and cutting back its payroll to liberate more resources for investment. Bahia's fiscal discipline has in turn allowed it to tap more

than \$1bn of funds from the World Bank and Inter-American Development Bank. "Because our finances are in shape, we are one of the few states in Brazil which can raise finance abroad," says Luis Carreira, Bahia's planning secretary. Over the next five years, the state government plans to invest \$2bn to improve sanita-

tion, health and education services, of which \$880m will come from the state's own The Mercosur customs union between Brazil, Argentina, Paraguay and Uruguay has also been a mixed blessing for Bahia. Mr Carreira says Bahia's exports to Mercosur partners have doubled since 1993 to more than \$255m, despite the bandicap of an over-valued

nomic growth in the 1990s has averaged only 2.8 per cent a year, against 3.4 per cent for Brazil. In 1995, Bahia's economy grew by only 1.8 per cent, as sharp falls in agricultural production (particularly in the traditional cocoa plantations).

| ning, manufact                        |              |                               | Bahia's share of<br>north-east exports (%) |  |  |  |
|---------------------------------------|--------------|-------------------------------|--|--|--|--|
| <b>Employment</b>                     | (1990)       |                               |  |  |  |  |
| ector                                 | %            |                               |  |  |  |  |
| riculture                             | 42           | Gross do                      |  |  |  |  |
| thers<br>ublic sector<br>arvices      | 5<br>29      | 1:                            |  |  |  |  |
| ommerce<br>vil construction<br>dustry | 11<br>6<br>6 | Bahia<br>North-east<br>Brazil | -4.2<br>2.5<br>1.2                         |  |  |  |

ley, and offered help in marketing Bahia's tropical produce in Europe and the US.

Most Bahians, however, believe Mercosur is encouraging private-sector investment to gravitate to southern Brazil, a move which will leave Bahia further behind in the development race.

"Bahia is worried about the changes in Brazil's economic policies," Mr Carreira says, "In a country with huge regional disparitles, central government

> 'We need policies that will allow us to compete with the south'

must direct its efforts at promoting greater equality. We need policies that will allow us to compete with the south."

Businessmen and economists, however, are divided over what these policies should Eberard Diniz Bezerra, presideot of the American Chamber

of Commerce in Salvador. believes that the old formula of tax breaks and government subsidies will no longer do the

"Babia must rethink its development model," Mr Diniz says, "It cannot compete with the south as an industrial centre: we do not have the consumer market, the lahour skills, or even the suppliers

|          |             |             | suppliers<br>an inte- |  |  |  |  |
|----------|-------------|-------------|-----------------------|--|--|--|--|
| e no     | rth-eas     | t \$bn      |                       | Bahla's state authorities  |  |  |  |
| 91       | 1992        | 1993        | 1994                  | have belatedly started to invest<br>more in education, but Mr Car- |  |  |  |
| .3<br>86 | 1.49<br>3.0 | 1.45<br>3.0 | 1.72<br>3.5           | reira at the planning secretar-<br>iat admits: "We have lost 30    |  |  |  |
| i.5      | 49.1        | 47.7        | 49.1                  | years of development because<br>we neglected education for so      |  |  |  |
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years of development because we neglected education for so Until a new generation can be trained, the government is Gross domestic product growth % placing its hopes on the growth of tourism, forestry and com-1991-1995 mercial agriculture - activities average rate that demand a low level of

2.8 2.5 3.4

Leslie Crawford

growing labour force.

skills - to employ Bahia's

#### give critics plenty of ammuni-"He represents a model of

# ■ Agriculture: by Jonathan Wheatley

#### The struggle to adapt Irrigation has quadrupled in the past five more disease-resistant strains.

raised production, but many still find commercial farming alien In the sertão of northern

Bahia, land that until recently was a semi-arid hinterland of Trocky scrub is producing grapes and mangoes for export to Europe and the US. In the west of the state, the same near-wilderness last year produced 1.9m tonnes of grains. The irrigation projects on

the banks of the Rio São Francisco have created a flourishing agro-industrial complex in an area that until 15 years ago was good for little more than cattle and subsistence farming. But critics worry that the projects have been implemented with insufficient concern for their impact on the local popu-

Meanwhile, traditional agricultural activities elsewhere in the state are struggling to adapt to the changing condi-

Cocoa, Bahia's most important commercial crop since the end of the last century, accounts for 15 per cent of the state's R\$2bn (\$2.02) annual auricultural product. But the collapse of international prices. aggravated by pests and droughl in the past two years, has cut annual production from 400,000 tonnes in the early 1980s to about 200,000

Pedro Barbosa de Deus, Bahia's secretary of agriculture, says producers must modernise if they are to survive a "very grave" situation. "The collapse of world prices is a strong harrier to recuperation," he says. "But as prices aren't likely to recover the only alternative is to increase

productivity.' That means replacing old cocon husbes with younger and

Despite movement in this direction, producers have little capacity for investment, and replacing stock, says Mr Barbosa de Deus, "has long been planned but never gets dona".

Beef cattle were established in the interior of Bahia three centuries ago to supply sugar cane plantations on the coast. Today, the state's 10m cattle make it the main supplier for the north-east of Brazil. But expansion into other markets is prevented by widespread foot and mouth disease.

Another traditional product, cotton, also faces difficulties. One problem is disease hut. says Mr Barbosa de Deus, "the higgest plague on cotton is the federal government". He says producers face unfair competition from abroad because of low import duties and high domestic interest rates.

Part of the solution to the problems of traditional Bahian agriculture lies in irrigation. Projects established since the late 1970s by Codevast, a federal government body that overseas development of the São Francisco river valley. have irrigated 750,000 bectares out of a potential 6.5m hectares in Bahia.

In the west of the state, production of grains has almost

years as the area under irrigation has expanded. Soya and maize farmers, mainly from the south of Brazil, have moved to the region bringing modern techniques that are highly mechanised and non-lahour intensive. Codevasf pumps water from the river and delivers it to the edge of the producers' property; pro-ducers provide their own irri-

gation systems and pay for the In the fruit-producing area in the north of Bahia, similar projacts are matched by prones to settle small farmers. Codevasí establishes "colonies" with infrastructure such as housing, schools and medical centres, and allocates plots of about eight bectares

to farmers who pay for the land over 10 to 14 years. In the colonies around Juazeiro many small farmers make a good living from grapes, mangoes and other tropical fruits. Carlos Alberto Pereira Mouco, an agronomíst at the local Codevasf office, points to a plot where one farmer made a profit of

complete with irrigation canals

R\$45,000 last year from mangoes and passion fruit. While many succeed, bowever, many feel excluded by

the projects. Juazeiro's population has doubled in the past 15 years to 200,000, while the rural population has swung from 75 per cent to 25 per cent of the total. Many have been attracted from outsida the municipality by the prospect of work; many have left subsistance farms to live in the town and work as salaried labour on company farms.

Although Codevasf tries to

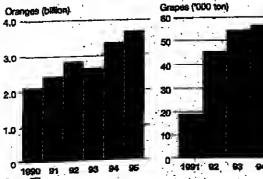
allocate plots to local farmers. many are unable to adapt to commercial farming. Instead of providing training, aays Roberto Malvezzi of CPT, a church land-reform movement. Codevasí hrings in farmers from outside the region.

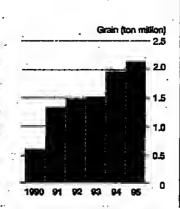
"Development should he designed to improve tha lives of local people," says Mr Mal-vezzi. "Instead it has made them more miserable." Most of the salaried labour-

ers in Juazeiro live in shanties on the outskirts of town. CPT says crime has increased with the population. Mr Malvezzi says the solution for local agriculture lies in

low-cost projects that would encourage farmers to stay on their land. Despite their problems, however, Codevast's projects are likely to make a significant contribution to Bahia's agricultural economy.

Bahia: agricultural production







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# arrivals still low

Dependence on the local market must be reduced before the sector can start to create more jobs

When i first visited Salvador as a penniless backpacker in the 1970s. my guest house was a crumbling mansion in the centre of the old town, where the manageress wore pink nyion negligees and entertained single men late into the night.

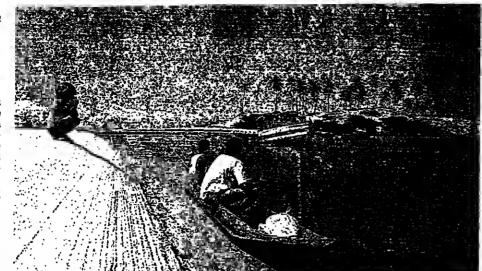
I am told she retired to the suburbs, along with much of the low-life that inhabited the Pelourinho, after the government of Bahia moved in to restore Salvador's historic district to its 17th century splen-

The "new" Pelourinho, with its magnificent Portuguese churches, cobbled alleyways and gaily painted houses, has become a show-piece in Bahia's efforts to attract more tourists. The state government has spent \$5000 over the past three years in the restoration project, attracting restaurants, shops and art galleries to the Pelourinho, and creating an estimated 15,000 jobs in the

Almost every government official, and much of the local business community, wants tourism to become Bahia's biggest employer and income-spinner in the not-too-distant future, even though it represents less than 2 per cent of the state's gross domestic prod-

With traditional agriculture in decline and a petrochemical industry passed its peak, the state government is channelling the lion's share of its investment budget into infrastructure projects that will enhance the potential of its fledgling tourist industry.

A new coastal highway has pened access to the palmfrinced beaches north of Salvador: a new airport for Porto Seguro, where the Portuguese first landed in 1500, has made Bahia's southern coast accessible by international charter flight; and earlier this year, the government launched a \$600m environmental programme to clean up All Saints' Bay, which receives the untreated sewage of Salvador's 2.5m inhabitants and the toxic waste of many



forts in the US have met comp with Caribbean holiday resorts

industries. Investment in tourism-related infrastructure projects. which has totalled \$1.2bn since 1990, is expected to gather pace with extra funds from the Inter-American Development Bank.

Despite the government'e promotional efforts, however. ourists and international hotel chaine have been slow to arrive.

"Our higgest drawback is that we are not the first port of call for foreign tourists," says Avani Perez Duran, director of LR Turismo, a leading tour operator in Salvador. "Most tourists fly to Rio. Bahia is still considered an optional extra, rather than a destination in its own right."

So while Bahia remains a favourite holiday destination for Brazilians, particularly dur-ing Salvador's riotous weeklong Carnival, only 300,000 for-eigners visited Bahia last year, accounting for just over 10 per cent of the tourist intake.

Erlco Mendonça, a senior official at the state tourism secretariat, is unhappy about Bahis's dependence on domestic tourism, which fluctuates with the erratic health of the Brazilian economy, "We would like to diversify our market," he says. "But in order to do so, we need to attract international tour and hotel operators. which bring the foreign tourist business with them."

Bahia's promotional efforts

in the US have not met with much success, largely because of the competition of Caribbean holiday resorts. Europe has proved more responsive, with the Meridien, Solitel, Club Med and Melia chains establishing themselves in or near Salvador in recent years.

ft is a Brazilian company. however, rether than e well-known foreign operator, that is likely to place Bahia on the international tourist map. Odebrecht, one of Brazil'a largest construction companies, is planning to build Latin America'e largest holiday resort on a deserted beach 40 miles north of Salvador. The first phase of the project, with 1,500 hotel rooms and chalets, is awaiting the approval of environmental authorities. Over 20 years, the company plans to invest \$2hn to transform the resort into a "leisure city" for 160,000

Odehrecht's Sauipe project has become a test case for Bahla's ability to balance economic development with the need to protect its fragile coastal environment. Up to now, the state's health and sanitation authorities have played a catch-op game, moving in to provide clean water and sewerage networks long after the ill-planned urhanisation of some coastal areas has wrought havoc with the environment

"We are now trying to plan before development takes place," says Sonia Fontes,

director of Salvador's Metropolitan Development Company. Her biggest battle has been to convince cash-strapped municipalities to respect the state's new environmental guidelines.

"Poverty is our biggest enemy," she says, as mayors will approve almost any housing or property development that allowe them to collect more local taxes. Another problem has been the practice of illicit logging along the coast, destroying much of Bahia's areas of Atlantic rain-

To the alarm of social workers, poverty is also feeding a growing sex-tourism industry in Salvador. There have been reports in the Brazilian press of "tour operators" in Europe who run child-prostitution networks to service clients who pay for sex-holidays in Brazil.

"There are five-star hotels in the north-east of Brazil which offer videos with young girls for rent," says Hélia Barbo lawyer who campaigns for the protection of children. There are restaurants where menus come with photographs of child-prostitutes." Ms Barbosa says both the

police and state authorities have started to take the exploitation of children seriously. A media campaign against childabuse has raised awareness of this social scourge and encouraged the community to denounce suspected cases to

Banking: by Jonathan Wheatley

# A victim of stability

The temporary closure of Banco Econômico proved a shock to the state's economy

"Closing Banco Económico brought Bahian husiness to a standstill. It was a catastrophe. If the bank had stayed closed, the result would have been chaos." This view - that of a leader of Bahian industry - is shared throughout the state's

Econômico, Bahla's - and Brazil's - oldest bank, was more than a private husiness. As a provider of retail and commercial banking services, often with only half an eye to profitability, it was almost an unofficial conduit of government policy. For many Bah-ians, proud of their regional identity, it was the only bank to trus

It was thus a shock to Econòmico's customers when it was placed under control of the central bank last August after revealing a liquidity shortfall of about R\$3.5bn (\$3.53bn).

Like many Brazilian banks. Econômico was a victim of economic stability. The government's success in cutting monthly inflation from 50 per cent in June 1994 to about 1 per cent deprived banks of the easy earnings provided by high inflation. Once this prop was removed, the hitherto soped effects of Econômico's relaxed management style and a history of allegedly fraudu-lent operations brought it near

to collapse.
For months after its closure, Econômico's future was uncertain. The federal government at first favoured liquidation, but relented under pressure from Bahian politicians. Eventually, a rescue package was assembled. Banco Excel, a São Paulo wholesale bank, would take control of Econômico's retail operations, including assets and liabilities of R\$2.3bn, in return for a capital injection of R\$350m. Its partner in the deal would be Swiss bank UBP. Econômico duly reopened under its new name

of Excel Econômico on May 2.

All deposits were intect and

had earned interest above

The temporary closure caused an uproar in Bahia.
Two other hig hanks Banespa and Banari, the state
banks of São Paulo and Rio de Janeiro - had been taken under central hank control eight months earlier, hut remained open. The govern-ment argued that closure of Económico was necessary to evoid a rush of withdrawals: big depositors had been leaving for months. But for many in Bahia, the closure amounted

to victimisation. Econômico was subjected to campaign of conspiracy," says Alvaro Conde Lemos Filho, president of Bahla's commercial association. "The hig banks in the south wanted it to disappear. The whole

intervention was to close it down." Mr Lemos Filho says the banking industry is one mple among many of the deliberate concentration of Brazil's economy in the com-paratively affluent south.

The relationships between Bahian businesses and their banks diminished from the 1970s," he says. "Econômico was the only private bank left

with a local feel." The strength of Econômico's commitment to the local economy was one of the reasons for its downfall. Although not a big investor in industry, it was a close partner of many busies, providing payroll and other services. Many branches operating within companies and in rural areas did so at a loss. This helped it to earn powerful defenders among Sahian politicians, ever mind-

ful of local grass-roots support. Senator Antônio Carlos Magalhães the chieftain of Bahian politics, wanted to see Recommed handed over to the state. The strength of support for Econômico was enough to persuade multinational group Odebrecht to consider mount-ing a rescue. "We have never felt the desire to enter into competition with our own bankers," says Gilberto de Freitas Sá, a board director at Odebrecht, "But if it had been the only way to save the bank, we would have joined other

stors in a rescue deal." The directors of Excel Econômico say it will maintain its

point of the central bank's headquarters in Bahia and its Bahian identity. But much is bound to change.

"We will continue to offer the same services as the old Econômico, within the possibilities of a private bank," says Ezekeil Nasser, president of Excel Econômico. "But Econòmico went beyond that, its political roots went deep and there was a lack of commercial

Mr Nasser says the new bank will have strict rules for lending to private and small husiness customers. Commercial operations such as leasing and foreign exchange will be controlled by a series of "credit platforms". Discipline, he says. will be absolute.

Excei Econômico has guaranteed to make no job cuts during its first two months, when it will decide whether or not staffing is overweight. The bank workers' union, which claimed victories in securing the guarantee and ensuring that all workers were paid while Econômico was closed. fears that up to 3,000 of Econòmico's 9,500 empioyees could lose their jobs.

Mr Nasser says his aim ie to extend rather than reduce Excel Económico's branch network. The new bank'e 284 hranches, 278 of which were Econômico's, are distributed evenly between the north and south of Brazil. Mr Nasser says the hank will open more branches in the south. "We have to concentrate our activi-Hes where the GDP is."

# The rhythm of a nation

In sandals, knee-length breeches, leather jerkin and dreadlocks down to his walst, Carlinhos Brown leans over 8 pair of bongos. "This is samba," he says. PaTApatup paTApatup paTApatup paTApatup. Adding a half beat here and a quarter beat there. alternating stresses, moving the syncopation from centre to

rim, he rings the changes. "This is Cuban... this is reggae ... this is Afro ... this is samba reggae." He straightens and smiles. "See? It's all the same. It's all

In fact, he has made the differences quite clear, but he is illustrating a point; Brazilian music, while borrowing from ther musical styles, remains at all times essentially Brazilian. "Brazilian music isn't influenced," he says. "It

absorbs." Carlinhos Brown is one of the brightest stars of modern Brazilian pop, yet he is echoing ideas first circulated by Oswaldo de Andrade, an

avant-garde poet, in the 1920s. Andrade said Brazilian culture should reject romantic notions of nationalism in favour of an intellectual ideal of barbaric innocence, and borrow freely from whatever sources suited the national spirit. At the same time. Brazilian musicians were completing an amalgamation of rhythmic and vocal styles taken from the traditions of native Indians, Portuguese and Dutch settlers and African

slaves to produce samba. While other styles remain strong in Brazil - sertanejo country-style music is enormously popular - it is samba, added to and stretched in all directions, that is the basis of Brazil's great contribution to world music Samba is the basic matrix behind all Bahian culture," says Nelson Mendes of

Olodum, an organisation operating cultural and ducational programmes in Salvador and best known for its percussion band of the same name.

Olodum's music has a strong African feel and part of its contribution to Salvador's culture is to emphasise the city's African roots and take a lead in the anti-racist movement. But perhaps its biggest addition to Brazilian music was the invention by musical director Neguinho da Sumba of samba reggae, a new rhythm that combines the drive of reggae with the lift of samba and became the basis of Bahia's biggest popular music style, aré.

In Rio de Janeiro, samba has its most flambovently urban expression during carnival Rio is also the birth-place of Bossa Nova, the conspicuously sophisticated, laid-back form that traded influences with American cool jazz.

The disciples of Bossa Nova that came of age at the start of Brazil's military dictatorship in the mid-60s retained its lyrical and rhythmic sophistication and added elements from western rock such as electric guitars. synthesisers and, above all, rebellion. They called their style MPB (for Brazilian popular music) and their songs became a focus of urban protest against military rule.

Thirty years later, many of MPB's leaders are still among the most popular and respected figures in Brazilian music. Caetano Veloso has almost iconic status, touring and producing albums with apparently ceaseless energy his music constantly reworking its own thematic roots and introducing new elemente from western and Latin traditions.

For some, however, the beights of lyrical and musical



virtuosity reached by the leaders of MPB have been abandoned by the current generation of Brazilian popular musicians. Margareth Menezes a singer most famous overseas for her work with David Byrne. an American exponent of world music, says modern Brazilian music fails to meet "Popular culture is a

reflection of the soul of the

nation, so maybe what's bappening today ahows the public mood," she says. "But people have a right to music of a higher quality.

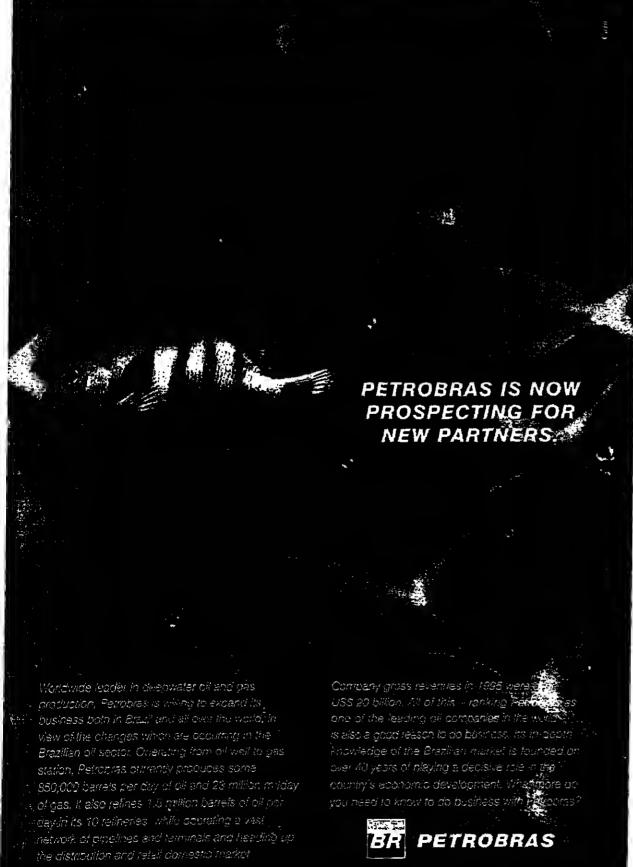
In fact, according to Martha de Ulhoa Carvalho, a professor of music at the University of Rio de Janeiro, MPB was never as popular as its name suggested. "Bossa Nova and MPB were developed by and for an urban elite," she says. The truly popular musical styles – *sertanej*o in the south and centre west, axé in the north-east and pagode, a modern urban samha, almost everywhere - all share two him popular concerns: falling in

love, and partying. Especially in São Paulo and other urban centres, pagóde has risen to dominance in the past three years and supplanted more aggressive reggae and rap-based music thet had a stronger element of protest against poverty and urban depredation.

What it lacks in profundity it makes up for in energy and enthusiasm. And Carlinhos Brown - described by a director of a Bahian cultural institute as "the prime example of Brazilian eclecticism and a mentor for his generation" - says that in any case, popular music has no need to preach.

"The lyrics are the least important thing," he says. Action is more important than making speeches. There's a lyric on my new album that goes bubabadababadadap, with some English and Spanish thrown in. it's the language of the rhythm of communication. That is communication.

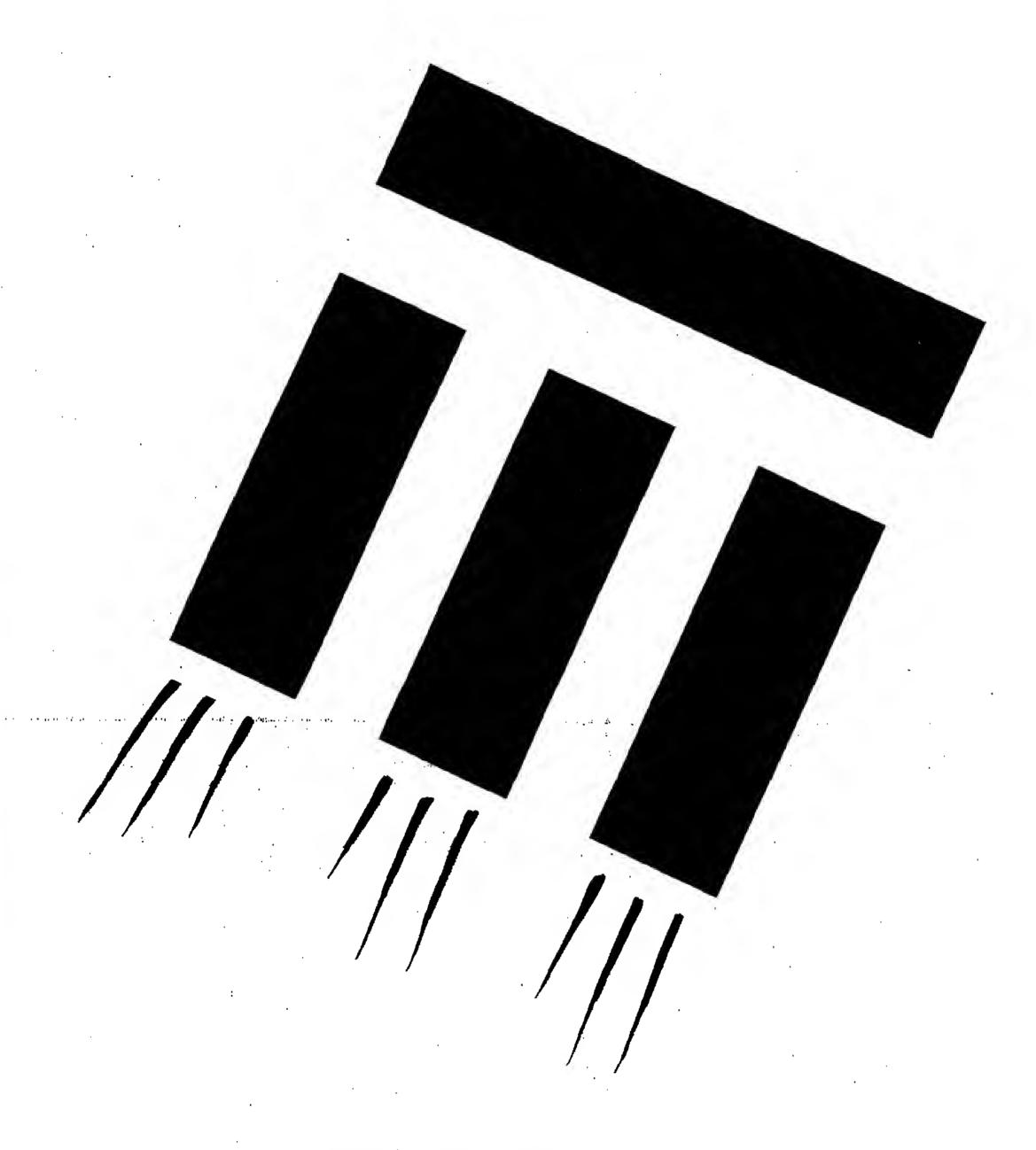
Ionathan Wheatley





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# Cleaner ways with magnets

he ability of micro-organisms lo devonr toxic chemicals is often used to clean up polluted sites. In a variation on this theme, scientists have found a way to use the magnetic properties of some bacteria to remove toxic metals from contaminated water.

These magnetic bacteria could find a role in clearing ont the canals of Venice. Over the years, these have silted up so much that it is sometimes impossible for emergency vehicles to gain

access at low tide.

The canal system is polinted wilb toxic beavy metals from the industrial complexes around the Bay of Venice. That presents difficulties in dealing with the sediments removed after dredging the canals.

A team of sciantists from Italy, the UK and Ukraine helieve that magnetic hngs could provide the answer. The bacteria would attract the heat is in the sediments; the metals and bogs could then be separated from the rest of the sludge hy using a magnetic sys-

The technology was developed at Sonthampton University by Jim Watson and his colleagues when libey investigated the properties of certain hacteria that occur naturally in sewage, deoxygenated water and sediments. It is being commercialised by Biopraxis, a start-np company in which the university has a 25 per cent stake.

The team found that, when mixed with certain metals and nutrients, the bacteria were able to absorb a large amount of certain metals. They sobsequently discovered that the micro-organisms produced an iron sulphide coating that attracts and holds certain metals.

The project, which is seeking funding from the EU's Copernicus project, is linked to another project concerned with the clean-np of sites contaminated with radioactive metals in Ukraine. According to Watson, the technique is inexpensive and can cope with very low concentrations of metals, making it suitable for cleaning np radioactive waste.

Vanessa Houlder

arly io the uext century, those nattily-dressed flight attendants on the world's commercial airlines could find themselves overshadowed by the "smartness" of their own air-

A global race is on to develop the world's first aircraft constructed from structures that will monitor their own health during flight, and warn of any cracks or defects as they occur. Aircraft with feelings, one might say.

These self-sensing structures will replace some traditional ground-based inspection, creating a sea change in the way the health of aircraft is checked, improving safety and reducing maintenance costs.

Aircraft are subjected to cootinuous inspection throughout their life in a battle to detect signs of corrosion or microscopic cracks caused by metal fatigue, which, if allowed to go innoticed, would impair their safety.

impair their safety.

The importance of this regular inspection is illustrated by the few occasions when things do go wrong, such as the case of an Aloba Airlines Boeing 737 flying between the Hawaiian Islands in

In spite of continuous health checks, shortly after takeoff, and at a beight of 20,000ft, a 6m section of the aircraft's fuselage broke away, instantly sucking a flight attendant to ber death and leaving 61 of the 95 pasaengers injured, three critically

The cause of the accident was microscopic cracking of the fuselage which had grown imperceptibly over many years of service and which finally spread as the aircraft climbed to its cruising height.

Monitoring the health of aircraft is a laborious process. Ground staff check an aircraft every time it lands: at regular service intervals aircraft are stripped of their internal fixtures and subjected to detailed inspection, including the use of ultrasound.

The commercial overheads of such a regime are enormous. British Airways alone employs more than 1,000 ataff to inspect and service its 60 Boeing 747s, and the world's airlines spend an estimated \$30bn (£20bu) annually on the costs of repairs, overbauls and spares.

These health checks also reduce the revenue-earning capacity of airlines because they remove aircraft from service for periods ranging from days to weeks.

Health monitoring must remain central to airline safety, bul, as Barry Booth, chief of development engineering at British Airways says: "Airlines welcome any new technology which will improve on their existing practice."

Such a technology is now possible. To create a "smart"

Smart jets that can warn of defects
and repair themselves are now a
possibility, says Cliff Friend

# The feeling aircraft

THESE SELF-MONITORING AIRCRAFT HEALTH CHECKS ARE GREAT BUT I WISH THEY COULD BE MORE SPECIFIC



structure, an aircraft must be covered in a network of sensors, rather like the human nervous system but made of optical fibres, similar to those used to carry telephone calls.

When a portion of optical fibre is stretched or compressed, tha frequency range of the light carried within it changes. Processing these changes by computer allows engineers to detect stress and strain at thousands of separate points along such a fibre.

When bonded to a conventional aluminium aircraft, or woven into the carbon-fibre reinforced plastics (CFRP) now entering service in the latest generation of passanger aircraft, networks of these "optical nerves" will monitor any damage

that davelops through impact, corrosion or fatigme. Demonstrations of this technology already exist. Ray Measures, an aerospace engineer at the Institute of Aerospace Studies in Toronto, has built an experimental section of "sensual" wing for the De Havilland of Canada Dash turboprop aircraft, which is in service with commuter

The wing's leading edge is a particularly difficult region to inspect conventionally and so Measures has incorporated "optical nerves" to inspect it. The wing has not yet flown, but ground tests have shown it can detect the damage which results from impact with foreign bodies such as runway debris and birds.

airlines worldwide.

Worldwide, many other aerospace companies are developing similar demonstrators, including British Aerospace which is working on a sensual fuselage based on similar filtre-optic technology.

fibre-optic technology.

However, sensuality is only the beginning of "smart" aircraft. Work is already under way to create aircraft that not only sense damage but also make themselves healthy

again.
Cranfield University is working on "composite structures" that can "limp homa". These contain muscle-like metal wires that can adapt their shape in response to control signals and be activated at the first sign of damage. These force shut any cracks, minimising the further accumulation of damage and allowing a damaged aircraft to fly safely to its nearest airfield for an emergency landing.

Self-repairing structures are also

becoming feasible.

For example, Carolyn Dry at the University of Illinois is developing composite materials containing hollow fibres that can release adhesive into a damaged region of structure. These will allow localised self-repair, as well as the possibility of repair systems that can be replenished at regular intervals or improved during the life of an aircraft.

aircraft.
When "smart" aircraft will appear
is a difficult question to answer.
Realistically "sensual" structures
will be available in the form of
advanced demonstrators over the
next decade, but self-repairing
structures are likely to be
earth-bound for many years to

However, there is no doubt that "smart" structures will, over the neat 20 years, create a revolution in the way aircraft are inspected and serviced, reducing the likelihood of incidents such as that experienced

by Aloha Airlines.

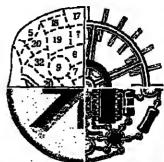
They will also offer improved revenue-earning ability by allowing an airline's aircraft to fly safely for more hours before costly (in commercial terms) human intervention, and offer reduced overheads associated with inspection and maintenance.

inspection and maintenance.
Airlines are already responding positively to this technology. For example, British Airways' engineering division, one of the industry'a leading maintenance and overhaul businesses, is assessing the potential of "smart" aircraft structures.

It is, therefore, likely that smart alreraft will soon be in the world's airline fleet once they are proven to offer improved safety and cost benefits and cleared by airworthiness authorities.

Cliff Friend is head of Cranfield University's smort materials group.

## Worth Watching · Vanessa Houlder



Porous ceiling built for sports centre

Work has begun on a sports centre in Callander in Scotland with a "porous" celling designed to cut down energy consumption and improve air conditions within

and improve air constitions with the building.

The building's loft will be insulated using materials that allow air, moisture and vapour-linked pollution to filter through them

A fan will draw a alow-moving stream of air into the huilding through a flue in the roof. As the air moves through the insulating material, it will be heated up. The downwards flow of air should also cut down the energy wastage usually caused by hot air rising to the top of tha building.

the top of the building.

The insulating materials will be able to absorb and emit water in a way that stabilises the building's burnidity. This is expected to cut down problems with mould, becteria and viruses.

becteria and viruses.
Gaia, the architects, says
"dynamic insulation" systems,
pioneered in Scandinavia and
continental Europe, have cut
running costs by up to 30 per

Gaia: UK, (0)131 558 1432; fax (0)131 558 1432.

Switch from cobait for batteries

Rechargeable lithium batteries can store more than twice as much energy for their weight as other rechargeable hatteries. But their use has been limited by the high cost and the toxicity of the cobalt component used in the electrode.

Chemisis at the University of St Andrews in Scotland have experimented with an electrode material that replaces cobait with manganese - which is far less toxic and 100 times cheaper than cobalt. According to a report in today's Nature, its charge capacity and stability compares well with other compounds used for lithium battery electrodes. University of St Andreus: UK, tel (0),334 463825; fax (0)1334 463808.

#### Automatic search through a database

Tracking down relevant articles on an alectronic database can be time-consuming. The answer, according to a US electronic business information service, is to offer readers summaries of articles that are antomatically generated using statistical

techniques.
Intell.X says its summaries –
which consist of a few of the most
relevant sentences directly from
the full text of the article – can
cut down the information

overload facing managers. This kind of text-summarising program is an example of "natural-language processing". It which computers deal with information expressed in a buman language. It uses atatistical tools to sift the text to find phrases that occur most frequently. By assuming this is a asure of relevance, the sentences can be ranked in order of importance. Intell.X, part of DataTimes Corporation, used software developed by Claritech Corporation based in Pittsburgh IntelLX: US, tel 703 5247400; fax 703 5247401.

# Plastics sorted with air and water

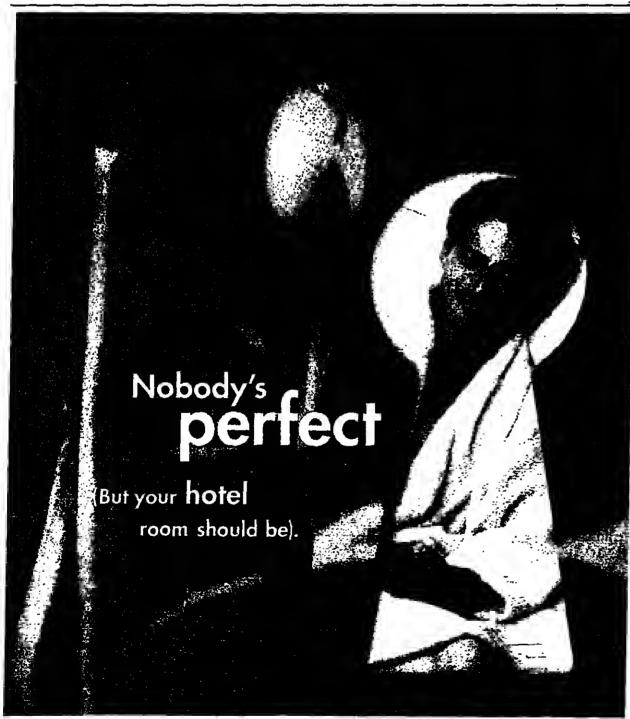
Daimler-Benz has found a way of recycling plastics from disused components and production waste, that dispenses with the need to sort types of plastics hy band. The equipment consists of a glass column filled with several hundred litres of water and air

The technique relies on the different responses of different types of plastic granules when put in water. Plastics that are difficult to wet are more likely to attract air bubbles and float. Conversely, the plastics that are easy to wet, or bydrophille, stick to the bottom of the column.

Tamic acid can he used to separate plastics that cannot otherwise be distinguished using this technique. The acid combines with certain plastics in a way that makes them hydrophilic and allows them to be separated from

the mixture.

Daimler-Benz: Germany, tel
71117 93039; fax 71117 94365.

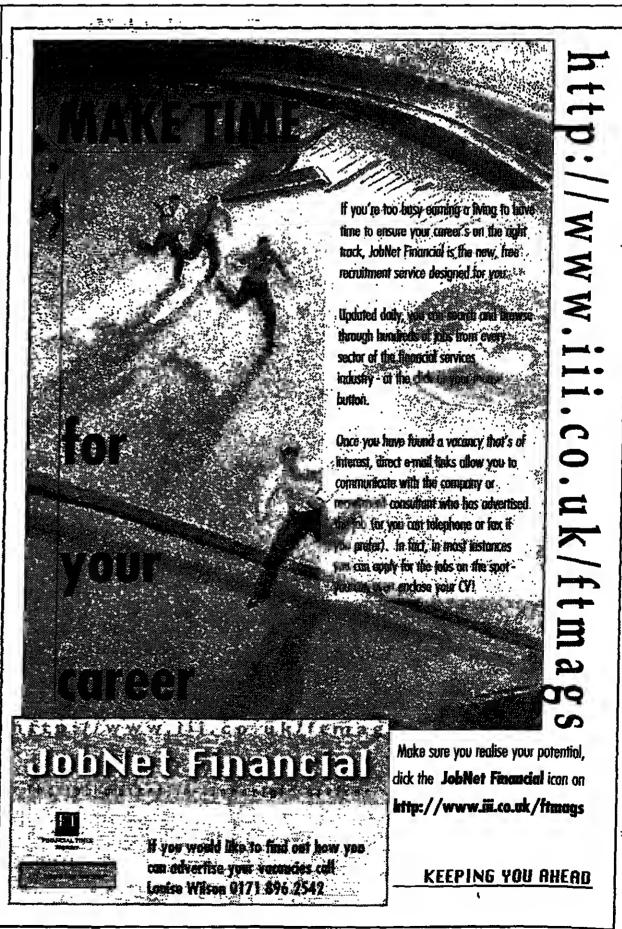


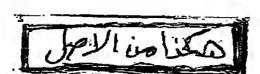
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GIRL 6 Spike Lee

A Language Sealer

Branch Park College

Plantich sortet to

Air and water

UP CLOSE AND PERSONAL Jon Avnet

NOW AND THEN Lesli Linka Glatter

THE CONFESSIONAL Robert Lepage

**GUILTRIP** Gerard Stembridge

e told you it would happen and it is. In Girl 6, Up Close And Personal and Now And Then women are taking over the centre of the movie screen and next week comes the coup de grâce, How To Make An American Quilt: a film awash with female buddyism that has no man at all among five above the title divas.

Modern movie males may at last be suffering from that slow-release toxin called the feminist movement. There are still hoys' movies out there, but increasingly and carica-turally they seem just that, In From Dusk Till Dawn, Broken Arrow and the forthcoming Mission Impossible boys deal death with guns, rockets and one-liners, while in other filmic arenas girls get on with the more serious husiness of running life.

In Now And Then four little women learn how to grow up in a Middle American small town. In Up Close And Personal news reporter Michelle Pfeiffer storms to the top of national television while sidelining co-star Robert Redford. And in Spike Lee's Girl 6, the supposed top villain among black male chanvinist filmmakers clears the screen of just about everyone with a shaveable

Correction. In this giddy, raggedystructured but likable tragicomedy of sexual manners we begin with a guest spot from Quentin Tarantino. fast becoming the cinema's favourite bigot. As a film director called "Q.T." he asks the auditioning young black heroina (Theresa

Randle) to take off her clothes. Flustered and humiliated, she stomps off out of the room, down the corridor and into the plot proper. Here, with the support of a cross-media cast including Madonna, Halle Berry and Naomi Campbell, her acting dreams give way to the addictive remunerations of telephone sex.

Starting in a sort of switchboard brothel, she later takes her work home to her one-room New York apartment. The only real men in her life are an ex-husband now turned petty thief (Isiah Washington) and Spike Lee playing a tenement neigh-bour and best friend. Elsewhere, the men she canoodles with across the ether are faces or bodies seen in fuzzy video-shot footage, with features shadowed or half-concealed

The men are marginalised. But there is no suspicion that the movie s foregrounding a woman merely to itemise the stations of her humiliation. The script written by Suzan Lori-Parks sees "Girl 6"'s salaried sexual servitude less as a form of abasement than as the requisite fall that goes before a resurgence of pride. It is paralleled by the subplotted tale of a little hlack girl who falls down a lift shaft and lives.

This side-story allows cameraman Malik Sayeed to impose a little Vertigo-style virtuosity on the nightmarish scenes of Randle'a mid-movie decline. Infernal dark-red filters; push-pull tricks with changing perspective; and a sense of "falling" even on firm ground.

Girl 6 is a mess, but a mess with charm and originality. Lee'a adventurism here extends to the soundtrack. He gives wall-to-wall exposure to the artist formerly known as Prince, whose yowly lyricism adds piquancy to the tale of an independence-seeking woman who braves ber chosen bell to emerge into a tougher, brighter heaven.

Up Close And Personal is soft-focus and assembly-line. Would you believe a remake of A Star Is Born, written by the duo who gave us the last, Streisand-starring remake (Joan Didion, John Gregory Dunne) and set in the wonderful world of American network television?

Most of us who visit the US would rather stick pins in ourselves than tune into the folksy doggerel that passes for news over there. But Michelle Pfeiffer takes it so seriously



that she strides from her local station into a state network, as if fol-lowing in the high-heeled footprints of Nicole Kidman in To Die For. (This film has so many direct antecedents it should come with a gene-

alogy chart.) Once there, the drop-dead blonda meets the already dead, or seemingly so, news director (Robert Redford). Smiling through a thousand facelifts. Redford introduces her to the well-oiled cant of his media world -"If it bleeds, it leads", "We're only as good as the stories we tell" - while taking what seems weeks to get around to the film's real business,

They kiss, they caress, and after much gilt-lensed romping in the surf they finally make love. But tragedy lurks, even after Pfeiffer has become an overnight telly star. ("She eats the lens," explains Redford.) In Act Three a prison riot and a war in Central America test their survival powers, though by then we are already urging fate to get a move on

as we try to stay interested in two gesticulating hairdos masquerading as human beings.

Now And Then is better. Tha adventures of four girls growing up in a small-town housing estate in the 1950s threaten a riot of rite-of-passage clichés. But appealing perfor-mances and a slyly observant script by Marlene King - especially good in showing how the giggly candour of pubescent girls can be more forthright about sex than boys' pretended machismo - keep overfamiliarity at

The only spoiler is the framing sequence, in which the grown-up girls reunite in the form of well-known Hollywood stars. Melanie Griffith presents the only known example of a girl's voice get-ting higher as she reaches womanhood, while Demi Moore (who also produces) leads the others in a gluey coda of sentimental summarisings. Robert Lepage's The Confessional is two hours of stylistic ingenuity in

search of dramatic substance. Film-

ing in his native Quebec, the avant-garde French-Canadian theatre director fashions a movie dehut strong on cinemania. Real and recreated glimpses of Alfred Hitchcock shooting his 1952 thriller I Confess in the city are blended with a parallel plot about priestly crisis, involving a pregnant woman, an errant priest and a young homosexual confessor.

This, as the film grows even more mosaic-like, soon becomes a flashback story as we accompany a young man (Lothaire Blutean) padding through present-day Quebec investi-gating the mystery of his parenthood, related of course to the above

Lepage revels in the sliding layers of time and illusion. He interleaves bits of Hitchockery (blood vortexing down a plughole, more cod-Vertigo stair shots) with his own deft visual puns, like the gay sauna whose whispering cubicles resemble a nest of confessionals. But over two hours, so much cleverness has us pining for more content. However intoxicating

at first swig, both the plot conundrums and the characters end up seeming as deficient in life as the liqueur-filled pieces in Bluteau's eccentric mid-movie chess game.

The gauchely filmed Guiltrip is more compelling. First-time Irish filmmaker Gerard Stembridge plonks the camera down pretty much anywhere. But there is an eerie vibrancy in the tale of a soldier husband (Andrew Connolly) who treats his wife like a squaddie - she even has a "standing orders" book recording household rules and regimens - and then, roused by growing jealousy, unleashes his violence on another woman. Never mind the production values (there aren't any). Feel the sense of closed lives leading

to exploding passion. Last and least, Eddle Murphy returns In the lamentable Vampire In Brooklyn (15, Wes Craven): as short on wit and invention as It is long in the special-effects teeth. If it threatens to come to your local cinema, surround the place with garlic.

Theatre

# On the Boulevard

iliane Montevecchi was last seeu at length in London in the West End run of the musical Grand Hotel. She has also been a prima ballerina, a star of the Folies Bergère and a contract starlet with MGM Pictures. The former Tony Award winner now presents a one-woman music show in louche basement theatre off Lower Regent Street, in which any sports of derision are rapidly silenced by the force of ber personality.

C'3

Yes, she may look like the picture in Liza Minnelli's attic; yes, she may emerge for her finale in a robe sewn with the entirety of the EU sequin mountain; yes, I may have alternated seriously considering falting for an older woman with wondering how the old slapper thought she could get away with it . . . hut get away with it she does, in spades. Montevecchi's strategy is to keep playing it big, even though she may be downstairs from a Spaghetti House; sure enough, the laughs come, but with them comes a warm, golden seduction, until the audience accepts unquestioningly that the greatness she so amusingly protests is her true and deserved stature.

The song-writers whose work she performs may include Sondheim, Porter and Rodgers & Hammerstein as well as Piaf, Aznavour and Brel, but this is primarily an evening of chanson: Montevecchi vamps playfully with the punters and unleashes torrents of guttural gallic "R"s, switching between French and English in alternate verses and coolly seguéing from number to number in a tight, skilfully

aving co-opted ber violinist as a dancing partner in "New Fangled Tango", she manages to make standing still seem the most erotic activity imaginable on a dance floor; flirting with around half the audlence in turn during "Je Cherche un Millionaire", sbe made a succession of critics shrug apologetically for the modest size of their wallets.

Her patter is the glue that holds the show together, whether talking about la vie Parisienne or her own life story: recounting her casting in Tommy Tune's musical, Nine, she explains: "I never been to an audition before (I'm a star, I'm a star)"...The audience chnckles but on that occasion Montevecchi laughed all the way to a Tony. And as the evening progresses, ber musical skill advances by stealth, until . . . well, not even the great Scott Walker could make Rod McKueu's mawkish English lyric for "Ne me quitte pas (If yon go away)" sound genuinely poignant, hnt Montevecchi brings out the heautiful tristesse without even breaking sweat. By the end of the press performance she had the most hardened West Eud butchers eating out of her panther-like paw. A remarkahle woman.

Ian Shuttleworth

#### Theatre/Alastair Macaulay

# Jane Austen vulgarised

ansfield Park, Jane Austen's version of the Cinderella story, is the least but among the greatest. In it she develops that extreme moral precision for which she is only matched in English literature by Richardson in Clarissa; and she advances her genius for the realistic detail that perfectly reveals manners and psychology. Pride and Prejudice - her previous novel - she called "too perfect"; and its flaw is that it is the createst novel Georgette Heyer

never wrote. No one could say that of Mansfield Park. I like Lionel Trilling's theory that Mansfield Park was Austen's deliberate reaction to the too delicious charms of Pride and Prejudice, and that the winning heroine of P&P, the cherishable Lizzie Bennet, turns up again as Mary Crawford, the too worldly and morally imprecise anti-heroine here. Fanny Price. Austen's Cinderella heroine, is not only physically weak, conversationally unfunny and socially timid, she is also something of a prig. The man she marries is no rich landowner, but a clergyman who has spent most of the novel in love with Mary. The superb scene at Pemberley in the former novel, where Lizzie to her surprise meets

Darcy on his home terrain, finds a yet more brilliant but far less pretty counterpart in the Portsmouth episode of Mansfield Park, where Fanny finds her-self embarrassed by her family and reluctantly impressed by the social grace of Henry Crawford, the man whose proposal of marriage she has

To those who have never read Jane Austen, and to those who intend never to read Jane Austen, let me commend Willis Hall's stage adaptation of Monsfield Park, as staged for the Chichester Festival Theatre by Michael Rudman. Again and again, Austen's dazzling attention to points of behaviour is misconstrued; her whole moral sense is blunted. One of the most basic points of Mansfield Park is that Maria and Julia Bertram, the proud cousins to whom Fanny is Cinderella, are perfect in social exter-nals; it is only in feeling and in moral judgment they are deficient. Here, however, they are socially maladroit. Maria behaves like an Essex girl with Henry Crawford, pushing ber skirts and verbal innuendoes around to ludicrous extents. Edmund's socially embarrassed reason for joining the family theatricals is here perverted into part of his campaign in wooing Mary Crawford. Some of Austen's witty lines of com-

mentary are here spoken by servants, but the same characters are also given reams of beneath-stairs moaning. This Mansfield Park sounds as if it was written in the servants' hall, by someone with rather less sense of social manners than tha authors of Upstairs Downstairs. There is a much higher proportion of singing and dancing than in the novel, all to give andiences the kind of sweet and trite impression that Austen avoids, and some of it unstylish. And what of the whole Portsmouth episode. tha greatest achievement of the novel? It is simply deleted.

Liza Goddard, an ageing soubrette, is grossly miscast as the indolent Lady Bertram, whose languor she makes as if being turned out on a very slow, stiff, stupld machine. Lucy Akrill, Nina Jacques and Jay Villiers are astonishingly vulgar and coarse as Maria, Julia and Mr Rushworth: Ursula Smith actually removes most of the malice from Mrs Norris, Jane Austen's most disturbingly evil character; and Mark Jax gives a charmless, unpolished lower-middle-

class account of Edmund. Several actors - Lucy Scott as Fanny, Tony Britton as Sir Thomas Bertram, and Ashley Russell as Tom - are pretty good, even though the script veers their characters away from Austen'a on some important points. But no good performance can make much headway against the insipid hanality of the production. Hall's adaptation must hear much of that responsibility, and Rudman's direction a larger share. Amplification only reduces the already low style quotient. This Mansfield Park abounds with just the snobbish, coarse, callow attention to worldly surface that Austen herself so movingly criticises.



Chichester Festival Theatre, to July 20. Tony Britton and Lucy Scott in 'Mansfield Park'

#### Jermyn Street Theatre. London SW1, until June 23

# INTERNATIONAL

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æ :-

#### ■ AMSTERDAM

CONCERT Concertgebouw Tel: 31-20-5730573 Murray Perahia: the pianist performs works by Scarlatti, Handel, J.S. Bach and R. Schumann; 8.15cm; Jun 8 EXHIBITION

Rijksmuseum Tel: 31-20-6732121 South Wing: after three years of renovation, the museum's South Wing is open to the public again. Displays of 18th and 19th-century paintings, Asian art, costumes and textiles are on view in 16 new rooms; to Sep 22

#### **BERLIN**

Tel: 49-30-3438401

CONCERT onzerthaus Tel: 49-30-203090 Rundfunk-Sinlonieorchester Berlin: with conductor Julius Rudel and violinist Miriam Fried perform works by Paine, Hindemith and Weill; 8pm; Jun 7 OPERA Deutsche Oper Berlin

 Andrea Chénier: by Giordano. Conducted by Rafael Frühbeck de Burgos and performed by the Deutsche Oper Berlin. Soloists include Bruno Sebastian, Elena Filipova and Ralf Lukas; 7.30pm;

#### BRUSSELS EXHIBITION

Palais des Beaux-Arts Tel: 32-2-5078466 Ilya Kabakov. Sur le toit: exhibition of Ilva Kabakov's installation "Sur le toit" (On the roof), created for the Palais des Beaux-Arts, in which the visitors walk on a foot bridge over the roofs of an imaginary city; from Jun 7 to

#### **■ CHICAGO**

EXHIBITION Art Institute of Chicago Tel: 1-312-4433600 Roy DeCarava: A Retrospective: exhibition of more than 200 photographs by Roy DeCarava ranging in date from 1949 to 1994. The exhibition captures the wide variety of subjects ha addressed over the years, from intimate still-lifes to portraits of jazz musicians to polgnant reflections of the panorama of daily human life; from Jun 8 to Sep 15

#### COPENHAGEN

CONCERT Tivoli Concert Hal Tel: 45-33 15 10 01 London Symphony Orchestra: with conductor André Previn and soprano Kiri Ta Kanawa perform works by Haydn, Mozart and R. Strauss; 7.30pm; Jun 8 EXHIBITION

Davids Samting - David Collection Tel: 45-33 13 55 64 By the Light of the Crescent
 Moon. The Near East in nineteenth century Danish art and Ilterature: divided into three sections, the exhibition gives an overview of 19th-century Danish artists' portayals and perceptions of the Middle East. The display includes texts written by the archeologists P.O. Broendsted and J.L. Ussing and the architects H.C. Stilling and Ferdinand Meldahl, costume designs by Edward Lehmann, and Hans

#### **■ DUBLIN**

travel journals; to Sep 29

EXHIBITION National Gallery of Ireland Tel: 353-1-6615133 Joan Miró (1893-1983): this exhibition brings together some 100 of Miró'a graphic works from the collection of the Museo Nacional Centro Reina Sofia of Madrid; from Jun 12 to Jul 28

#### **■ FRANKFURT** EXHIBITION

Schim Kunsthalle Tel: 49-69-2998820 Lucio Fontana: a major retrospective exhibition featuring the work of the Italian artist Lucio Fontana (1899-1968). The exhibition includes close to 200 works selected from museums and private collections throughout the

#### world; Jun 8 to Sep 1

EXHIBITION Petit Palais Musée d'Art Moderne Tel: 41-22-3461433 Les Neo-Impressionnistes: exhibition of some 70 works from the Neo-impressionist collection of the Petit Palais. The display includes works by artists such as Albert Dubois-Pillet, Maximilien Luce, Charles Angrand, Van Rysselberghe, Van de Velda, A.J. Heymans, Henri Martin, Pietro Mengarini, Signac and H. Petitjean; from Jun 8 to Sep 30

#### ■ LONDON

CONCERT Barbican Hall Tel: 44-171-6388891 Royal Philharmonic Orchestra: conductor Valery Gergiev and viola-player Yuri Bashmet perform works by Debussy, A. Tchalkovsky and Prokofiev; 7.30pm; Jun 7 Wigmore Hall Tel: 44-171-9352141 Alicia de Larrocha: the pianist performs works by Soler, Granados and R. Schumann; 7.30pm; Jun 7

#### MUNICH

DANCE Nationaltheate Tel; 49-89-21851920 Shannon Rose: a choreography by Youri Vamos to music by Sibelius, performed by the Bayerisches Staatsballett; Jun 7

## ■ NEW YORK

CONCERT Afice Tully Hall Tel: 1-212-875-5050

Concordia Orchestra with conductor **■ GENEVA** Marin Alsop. Soloists include David Garrison, Kurt Ollmann, Richard Muenz, Luba Mason, Judy Blazer and Judy Kaye. A special feature of this concert is the restoration of two numbers dropped before the Broadway premiere, "Gabey'a Comin's and a torch song "Ain't Got No Tears Left" with lyrics by Bernstein; 8pm; Jun 7 EXHIBITION Whitney Museum of American Art Tel: 1-212-570-3600 An American Story: a chronological survey of the museum's permanent collection of

prints, drawings and photographs, the exhibition provides an extens overview of tha art of this century; to Oct 6 PARIS CONCERT

Saile Pleyel Tel: 33-1 45 61 53 00 Orchestre Philharmonique de Radio France: with conductor Marek Janowski, soprano Ruth Ziesak and violinist Frank-Peter Zimmermann perform works by Elgar and Mahler; Som: Jun 7

20th-century American art. Divided into 15 categories and incorporating

more than 200 paintings, sculptures,

 On the Town: by Bernstein. Concert performance by the

#### ROME.

CONCERT Accademia Nazionale di Santa Cecilia Tel: 39-6-3611064 Maurizio Pollini: the pianist performs works by Chopin, Cslamno

#### and Debussy; 8.45pm; Jun 7

#### **■ SYDNEY** EXHIBITION

Art Gallery of New South Wales Tel: 61-2-2251700 Kandinsky and the Russian Avant Garde: major exhibition charting tha rise and fall of modernism in Russia. The display includes works by artists such as Kandinsky, Malevich, Rodchenko, Goncharova and Popova. Many of the works have rarely been seen before since they are drawn from museums throughout the former USSR; from Jun 8 to Aug 18

#### ■ VIENNA CONCERT

Musikverein Tel: 43-1-5058681 Gurrelieder: by Schoenberg. Performed by the Wiener Symphoniker with conductor Georges Prêtre. Soloists include Deborah Voigt, Anne Sofie von Otter, Thomas Moser, Heinz Zednik, Alfred Muff and Klaus Maria Braundauer (recitative); 7.30pm; Jun 9, 10 OPERA

Wiener Staatsoper Tel: 43-1-514442960 Die Walküre: by Wagner. Conducted by Daniel Barenboim and performed by the Wiener Staatsoper. Soloists include Placido Domingo. Waltraud Meier, Rene Pape and Falk

Listing compiled and supplied by ArtBase The International Arts Database, Amsterdam, The Netherlands, Copyright 1996, All rights reserved. Tel: 31 20 664 6441

Struckmann; 5pm; Jun 8

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Economic Viewpoint · Samuel Brittan

# Keynes and globalisation

It would not be a good idea for all the major countries simultaneously to reduce their budget deficits or to take other actions to boost savings

Every day, some international organisation or national thinktank lectures us on the need to save more. What would happen if a country took this advice to heart? The most likely move would be firm action to reduce budget deficits, which are the opposite of

several times over.

incompatibility hetween the

General Theory and one of the

main doctrines called in aid by

to put Keynes in his place.

ctassical economists seeking

This doctrine is embodied in

the so-called natural rate of

unemployment, more politely known as the NAIRU (non-

accelerating inflation rate of

unemploymenti. It maintains

that if governments try to

reduce unemployment below

some minimum level, the

result will be accelerating

That minimum depends on

labour market characteristics

and cannot be avoided by put-

ting more money into the

ecocomy. The General Theory

Through lower

1996

37

Source: IMF World Economic Outdook May 1996

98

Effects of debt reduction on US GDP

According to both classical economists and traditional moralists, the results could be nothing hus beneficial. Interest rates would fall, investment rise and the growth rate increase. As a result, citizens would before long he more than compensated for their temporary sacrifices.

It was the achievement of John Maynard Keynes, the British economist, to demonstrate that these moralising taies might not always he true. The traditional analysis. hy focusing only on interest rates, overlooked another variabie which might respond -

namely output and income. An attempted increase in savings might reduce national income and raise unemployment. This could happen because interest rates fail to fall enough, or because investment is not sufficiently sensi-tive to interest rates. The result might, therefore, be a recession rather thao an iovestment boom.

This bald summary leaves open a number of questions. How likely is such a savingsinduced slimp? Can it lead to long-term low employment, or are self-correcting forces likely to come to the rescue in the

longer term! These and many other related questions have been codlessly debated in the 60 years since Keynes's General Theory appeared - and are no nearer resolutioo. Answers are likely to depend on particular circumstances of time

Nevertheless, Keynes succeeded to showing that an cuempted increase in savings can have depressive effects. and not just the virtuous ones previously claimed. This is his majo cootribution to economic uoderstanding for which he

would have deserved the says that you might not get Nobel Prize - had it existed memployment even as low as for his subject in his lifetime the natural rate if ettempted savings are too high and demand is, therefore, inade-

There has been a tendency to obscure the matter by too much talk of Keynes's wider This potted summary of two vision, or his view of governgenerations of theorising has ment or his role in the been given not for its own Bloomsbury group of artists sake but for its relevance to and writers. But without the the globalisation debate. Glo-General Theory and its over-saving doctrines, Keynes ballsation refers to a world in which, after allowing for would be remembered mainly exchange rate end default risk, there is a single internahy historians for his critique of the Versailles treaty and his tional rate of interest. What effect does globalisa name would not be a household word today.
There is, iocidentally, no

tion have on the likelihood of Keynesian oversaving? To start with, the interest rate safety valve is removed. For if real interest rates are determined globally a country cannot respond to higher attempted savings by its residents by means of lower inter-

But another, and probably more important, safety valve comes to replace it. It works like this: a normal country's savings or investment are only a small part of the world's total. Suppose that a country tries to increase its savings and there are no immediate domestic investment opportunities for which they can be used. It can invest the surplus overseas instead.

Through higher taxes

ent spending or increase

The chart assumes reduction of

in taxes by 1% of GDP until the

debt to GDP ratio is reduced by

2000

5 percentage points

99

economy, an easy money pol-lcy makes itself felt through a lower nominal exchange rate.) One reason why Japan has found such a logical policy difficult to follow is the economic illiteracy of so many American policy-makers, who have regarded the Japanese payments surplus as a threat rather than a way of financing more world investment than would otherwise be possible. Indeed, until not much more than a year ago, the US posi-

national income book-keeping

an increase in overseas invest-

ment is equivalent to a shift

towards surplus in the current balance of payments. If mat-

ters work out well, the effect

of individuals or governments

increase in overseas assets.

trying to save more is an

There is no reason in princi-

ple why the Japanese savings

surplus should not be offset by

an increase in overseas asset

for a good many years, until the time comes in the next

century when the changing

demographic balance of the

population is expected to lead

to a large drop in savings.

This could be accomplished without recession and provide

a nest egg for the much larger

number of old people expected

in that country next century.

The main reason why Japan

has had such difficulty in

maintaining this combination of high savings, high foreign

tovestment and strong domes-

tic activity is that the yen

exchange rate was for a long

This could heve been

reversed much earlier than it

was hy an easier money policy

- if necessary by printing yen

to huy dollars. (In a global

time perversely high.

tively welcomed a soaring yen in the hope that it would reduce Jepanese competitive-The Keyneslan threat of over-saving can still come

hack, however, to haunt us at the international level. All countries cannot run higher current account surpluses or lower deficits. For if we had accurate figures, these imbalances would sum to zero. So it rather than in one fell swoop.

Under the conventions of is still possible to have a Reynesian-type slump in a global economy.

The International Monetary Fund has tried to take on board these concerns by projecting the effects of lower budget deficits (equivalent to higher saving) both in the US, and in the rest of the devel-oped world taken together. The first of these projections is illustrated here.

The main effect on which the IMP relies to offset the depressive effects of lower deficits is a fall in real interes rates. It reckons that the increase in government debt ratios among developed coun-tries has raised the average level of world real interes rates hy at least 11/4 percent age points. It expects that a reduction in debt and deficits would help reverse the trend The US is a large enough part of the world economy for an increase in savings there to have perceptible effect on the going international interest

rate. But this effect takes time Even on the IMF simulation, there is a year or two after a US stabilisation programme starts in which output is depressed on Keynesian lines both in America and in the rest of the world. If this set-back occurs in the aftermath of a world recession or disappointing recovery, there could still be a danger of triggering a cumulative decression.

There are other interesting details. A large pre-announced programme of long-term government spending cuts is more likely in the IMF's view to boost confidence and hring down interest rates quickly than a series of small stabs which may not be maintained Moreover, a programme of spending cuts is less likely to depress output than the more usual approach which takes the form of tax increases.

Given the uncertainties of all the models, there is reason for relief that countries are likely to try to stabilise their budgets or raise their private savings ratios a few at a time, BOOK REVIEW - Michael Prowse

AMERICAN EXCEPTIONALISM: A Double-Edged Sword By Seymour Martin Lipset W.W. Norton, 352pp, \$27.50

# A nation of extremes bound by one creed

Seymour Lipset, a veteran US political historian, says the US

"exceptional", he does not mean it is better than other industrial democracies. He means it is different, fundamentally different. The book is an attempt to explain how and why the US diverged from the

democratic mainstream. He is certainly right to emphasise the differences. It is difficult, for example, to imag-ine Mr Newt Gingrich being elected leader of a popular assembly in other countries. His agenda - which included the abolition of government departments such as commerce and education - would have received scarcely one vote in London, Bonn or Paris.

Nor do the issues which hitterly divide Americans have much resonance elsewhere. This is one of the few rich countries where doctors willing to perform abortions have good reason to fear for their physical safety, and where extremist groups routinely defy the authority of federal government from the safety of heavily-fortified "compounds"

The US is a nation of extremes, as is illustrated by its position at either the top or hottom of most international league tables. Adjusting for the purchasing power of currencies, it is still the world's wealthiest nation. It has the lowest taxes, the fastest rate of job creation, the most vigorous est number of PhDs per capita

of any large country. Yet such advantages are widely seen as offset by a yawning income gap between rich and poor, a crime rate that is roughly three times the international average, the hreakdown of the nuclear famfly in inner cities, and a unique failure to guarantee medical insurance or welfare benefits to everyone in need.

In explaining why the US is out of the mainstream in so many respects, Mr Lipset lays erning ideology is a "dou-

a good deal of responsibility on three interlinked factors: the nation's origins in a revolutionary war against the British the political philosophy of its founding fathers, and the development of a religious sensibility quite unlike that in older nations.

As a new society, the US did away with the feudel structures and aristocratic values that still influence public policy elsewhere. There is little tradition of noblesse oblige: the elites thus tsck the paternalis-tic sense of responsibility for the less fortunate that (along with socialism) was a driving force hehind the creation of cradle-to-grave welfare states in Europe. Social attitudes, he helieves, were also strongly influenced by religion. The US is the only country where most people became members of

> the Methodists and Baptists. rather than hierarchical, statesponsored churches. The sects accentuated an inherent tendency toward individuelism and encouraged a helief in the perfectibility of human pature; elsewhere official churches nurtured a greater sense of group responsibility while emphasising man's inherent sinfulness. This

self-governing sects, such as

difference in religious sensibility, he suggests, helps explain why the Americans are such a moralistic people - why, to this day, they insist on seeing foreign policy conflicts as battles of good against evil (with the US always on the side of Out of this unique history

there arose a governing ideology - the "American creed" that incorporates much of the essence of 18th and early 19th century "classical liberalism". The creed is optimistic, individualistic and laissez faire. It is profoundly suspicious of authority, especially that wielded by the state. It is also egalitarian, but only in the limited sense of favouring equality of opportunity and respect, as opposed to result or condition. in Mr Lipset's view this govble-edged sword". The good -and the bad - in US society are inseparable because they follow directly from its embrace of classical liberal values. The American creed, be argues, "fosters a high sense of per-sonal responsibility, independent initiative, and voluntarism even as it encourages self-serving behaviour, atomism, and a disregard for communal good". Its emphasis ou individualism, while a great asset, "hoth weakens social control mechanisms, which

rely on strong ties to groups.

and facilitates diverse forms of

deviant behaviour". Mr Lipset's analysis is preferable to that of more extreme analysts, on either the left or right, who have an entirely negative view of classical liberalism. At least he concedes that a free market cast of mind is responsible for much that is good in US society. But it is discoocerting that he makes no attempt to justify his claims for the supposed negative effects of classical liberalism. He seems to regard it as self evident that a philosophy that encourages independence and persocal responsibility must encourage selfish behaviour that pursuing one's own goals must entail a disregard for the

communal good.

But why? Classical liberals favour a society in which the coercive power of the state is kept to a minimum and in which the character of economic and social life is determined by voluntary transactions between individuals. It favours co-operation of all kinds, provided it is truly voluntary and not maudated by government. If surh a benign philosophy were widely accepted, there would be less, not more, socially disruptive hehaviour. Pace Mr Lipset, it is because the American creed is far from universally followed, that US society is so flawed.

American Exceptionalism is ovailable from FT Bookshop by ringing FreeCall 0500 418 419 side the UK). Free p&p in UK

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# ·LETTERS TO THE EDITOR·

Number One Southwark Bridge, London SE1 9HL

We are keen in encourage letters from readers around the world. Letters may be faxed to +44 171-873 5938 (please set fax:"11" to 'fine'). e.mail: letters.editor@fi.com Translation may be available for letters written in the main international languages.

## US stance on trade has not set WTO adrift

From Mr J. Robert Vastine Jr. Sir, The World Trade Organisation is not at sea. The premise of your editorial "WTO at sea" (May 28) - that the failure to reach final accords in the financial and telecommunications talks, and perhaps the maritime talks,

sets the WTO adrift - is wrong. First, there is ample time. agreed hy negotiators, to make successes of the financial and telecommunications sectors. Second, the WTO's job is hroader than the service sector talks, and the WTO is making substantial progress in

consolidating its new mission and organisation. After all, the reciprocal trade negotiations effort to reduce tariffs took 50 years. Services will take time too, though not anywhere near as much time.

The main hurden of your editorial - that it may have been unwise for the service sectors to have been unbundled and treated separately - is worth considering, it may some day be worth considering seriously

hnt not now. Along the way to your main point you repeat a tired canard: that the financial services talks failed because of "recalcitrant vested interests". The fact is that offers were not sufficient to warrant hinding open the US market. A receot US Treasury assessment of the actual financial markets offers filed by other parties shows

There was good and ample reason for our negotiators not to make that bargain. The same goes for the telecommunications talks. Our industry wants successful WTO financial service and telecomm-

unications deals. We want to be able to compete in foreign markets. To achieve this we have only one bargaining chip: bound access to our own market. Some, including you.

argue that that is not a sufficiently big carrot. But trading it off in a bad deal is not going to advance the goal of open world financial markets or secure the benefits that will flow, especially to developing countries, from more efficient capital markets or better, cheaper telecommunications.

Bad service-sector deals will really put the WTO at sea:

J. Robert Vastine Jr. president. Coalition of Service Industries. 805 15th Street NW. Washington DC 20005.

#### Profits not excessive

From Mr Michoel Toms.

Sir, Your leading article "Airport profits fly too high" (June 5) on airport regulation was based on two false premises. BAA's airports are not earning excess profits. Inflation-adjusted profits for the last three years have been very close to those targeted hy our regulator when the current price formula was set. The suggestion that BAA is hiding "huge piles of cash" under the tarmac really is wide of the mark. Indeed, the opposite is the case. We're spending it on tarmac, and huildings, and improved facilities to create for the 21st century airports it will need to cope with traffic growth and expectations of customer service. Capital expenditure is running at its highest-ever level and our oogoing £400m-a-year capital programme means the company will be consuming cash, rather than accumulating

it for the next 10 years. FT readers won't need to be reminded that if we are to provide Britain with its airport infrastructure free of charge to the taxpayer we need to make profits to encourage sharebolders to invest in it.

Michael Toms, director, corporate strategy. 130 Wilton Road. Loodon SWIV ILQ. UK

# Leave the market to dictate ticket prices

Sir, I was surprised to see the FT carrying as its lead story a little piece of local news concerning "grey" markets in tickets for soccer matches ("Illegal ticket sales threat to Euro 96", June 5). Perhaps next month you will lead with photographs of policemen arresting ticket sellers outside Wimbledon.

From Mr Glenn Wellman.

The prejudice against ticket touts is incomprehensible and the intervention of the criminal law is ludicrous. What possible concern is it to the state if one party wishes to sell a ticket to another party at a freely negotiated price? If the organiser of an event wishes to prevent resale then, as with travel tickets. non-transferability could be made a condition of the original sale and any breach

mistrust of the market although the athletic the point. Indeed they

remedied through the civil courts. Officials who misappropriate tickets or sell them fraudulently are already committing criminal offences. There is no need for special legislation. The root of this non-problem is the familiar hlend of

amateurism, incompetence, petty corruption and a visceral mechanism. If promoters insist on issuing tickets well below the price which customers are willing to pay, then the market will find a way of bridging the gap - it's as simple as that, community can't seem to grasp compound the problem by issuing tickets cheaply to officials, clubs and others who intend from the start to re-sell them. The system might

almost be designed to encourage corruption.

Private associations are of course free to favour members over non-members when tickets are in short supply and modern technology is capable of ensuring that the ticket is really used by the person to whom it was issued. If promoters are too stupid or too parsimonious to invest in this technology, then any losses they suffer are of no concern to the rest of us. Caveat vendor should be principle. Or is it perhaps the case that too many of those involved in organising the events have a vested interest in the money and favours which flow from the grey market?

Glenn Weliman, 15 College Road, London SE21 7BG, UK

## Social effects of market reform need support international investors and

From Mr Robert Davies. Sir, The Czech electioo results ("Czech reforms stall after poll setback for Klaus coalition". June 3) are the latest in a series of signals to reforming governments in central Europe, and indeed further afield in India, that the pace of market reform is threatened when electorates perceive benefits as slow to arrive at a time when change brings insecurity.

Polarisation might be

avoided to some extent when

leading indigenous industries ensure that they operate as partners to assist public sector reform, and in support of community initiatives to tackle the social effects of transition. Key areas for partnership are training and buman relations development at all levels, the sharing of management skills and environmental know-how, and assisting the voluntary groups essential to civil society.

In our experience this is both

achievable and widely regarded as a valuable contribution to development and reconstruction. The challenge is to increase the scale and impact as part of the mainstream approach to 3 sustainable reform.

Robert Davies, chief executive, The Prince of Wales Business Leaders Forum, 15-16 Cornwall Terrace, Regent's Park.

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# FINANCIAL TIMES

Number One Southwark Bridge, London SEI 9HL +44 171-873 3000 Telex: 922186 Fax: +44 171-407 5700 Thursday June 6 1996

# Choosing a UN leader

1991, when Boutros Bontros li was chosen as UN secretarygral, he said he would serve one five-year term. In the last years he has backed away n that pledge, giving the ng impression that he was in running for a second term. t month he said he had not ded whether to run again or but was hesitating because of

UN's financial crisis.

10 (his crisis, caused by a mere backlog of unpaid dues, is ly political. By far the biggest tor is the US, whose purse ngs are currently controlled by ublican congressmen, many of m viscerally hostile to the UN. Booboo Ghali, as Bob Dole in to call him, has been ble to disarm their hostility, n though he has taken the axe he UN bureaucracy. He seems ble to speak in political lan-ge to which the US public ald respond.

or all that, he has sought to ge the US where he could -: st recently by amending the ns of the agreement on oil : s with Iraq - and until a few ks ago the general assumption ose him for a second term : ess Mr Dole chose to make an e of it during the US election ipalgn. That may have nged as a result of the UN ort which refused to accept el's claim that a UN base in anon, crowded with refugees, been attacked by mistake. Mr tros Ghali may have wished to denomination press or amend this report concerns.

(drawn up by a Dutch general and a British colonel), but his hand was forced hy newspaper leaks suggesting tha UN "would not have the courage" to release it The report infuriated not only Israel but also the US, which at the time was pulling out every stop in a vain attempt to secure Shimon Peres'a re-election.

The increased likelihood that Mr Boutros Chali will be vetoed, or dissuaded from standing, hy the US has resulted in more attention being paid by the campaign to draft President Mary Robinson of hreland as his successor - a cam-paign strongly favoured by as influential a figure as Senator Edward Kennedy, It would be ironic if she emerged as the US candidate, since she would be the exact opposite of the non-political technocrat the US appears to

The sad truth is that the UN goes about choosing its chief exec utive in a way no commercial enterprise or academic institution could possibly get away with. The Security Council and General Assembly should start by defining the job and listing the essential qualifications for it. Nominations should be invited, and a short list of candidates published so that the public could assess and com-ment on their suitability. The choice of secretary general is a matter of worldwide public interest. It should not be made behind closed doors, nor simply on the hasis of the lowest common denominator of member states

# Treasured truth

official: the UK's Treasury it is if the mistakes. Or is it? The ntly leaked admission of falliy came from a draft internal agement document produced unior staff as part of the Trear's fundamental expenditure ew. Its purpose is to help the sury decide how to improve capacity to meet demands ed upon it. But this is not the ral issue, which is whether its needs to be transformed.

: se Treesury knows it is under a first, it has been far from kingly successful in its manment of the British economy; and, it is extraordinarily powd, serving as the ministry for ernment, the hudget, finance the economy; third, it exees its responsibilities within a I secretive official culture; and, ally, its fingerprints are on ne spectacular hlundars, not st Black Wednesday's expulsion

iterling from the ERM. . i out in a moderately rational nner, there would be a public cussion of the Treasury's role. the least, there would have en examination of some big ors. Lord Bingham carried out neticulous analysis of the failof the Bank of England in ation to the Bank of Credit and mmerce International and Sir chard Scott investigated arms : Iraq. But nobody looked at ack Wednesday. Swallowing mels, while straining at gnats -

that is the preferred approach. There are two sets of questions to answer. First, is it right for any department to have so many responsibilities? Can it do any o them really well? Who is to be held responsible for mistakes? Might government not be improved by clashes between economics departments of less unequal weight? Is any department tackling long-term strategic questions? Should there, more specifically, be a proper department between economic policy and the budget, an independent central bank, or all of these?

Second, can so powerful a department avoid making mistakes when so much of what it does remains secret? This not-tobe-published internal management review is an excellent example. As an internal review, it is bound to take for granted what the Trea-sury is for. But that is to assume what should be discussed.

The official view is that the leaking of such reports is an obstacle to conducting internal reviews. The implication is that these matters must not be discussed devant les enfants. But the children are the people whom the Treasury exists to serve. If they are not entitled to know what the Treasury thinks It is about, who is? The answer, no doubt, is a few ministers. So long as those who run government think government is for them alone to run, it will be run badly.

# Poaching bankers

arkets driven by fear are always so rational than markets driven core business is about to become ss rational than markets driven greed. That is what is worrying yout the frenzied pursuit of vestment banking talent, which driving up pay for experienced unkers and leading to the poachg of whole teams.

cent days, with the hiring by leutsche Morgan Grenfell of 44 The issue has come to a head in merican operations, and the conequent vociferous complaints by vG's Mr Hessel Lindenbergh.

If greed - or, to put it more obitely, a rational assessment of the potential profits to be gained investment banking - were the nly force at work, such episodes rould still occur. But they would e more limited in number, as the idding-up of salaries reduced otential profits and encouraged

nore supply. Fear is a less predictable notive. In this case, it comes in wo forms. There is a growing conensus that only a handful of hig irms can hope to survive into the next century as global investment sanks. Bankers are scrambling to insure that they qualify for the tharmed circle, and adding staff in a burry as they scramble for Flobal scale. The salary of an incremental corporate financier is a small price to pay to head off the

threat of extinction. The second fear compounds the first. Commercial banks, increasingly the most eager participants in this rush for investment bank-

permanently unprofitable. Investment banking margins do not look too exciting to those already in the field. But to commercial bankers threatened with growing competition from low-cost electronic based competitors, they are a bulwark against the threat of a profitless future.

Poaching of whole teams is

clearly not something which pub lic policy can address. And you rarely hear complaints from those whose salaries have been doubled in the process. It is none the less the sort of practice which bankers may, collectively, come to regret.

Such sentiments are already being voiced by elder statesmen of the banking industry, such as Mr Rudolf Mneller of UBS and Mr Andrew Buxton of Barclays. Their view - that cheque-book hiring threatens the cost structure of the industry - is the sort of thing elder statesmen often say. In any case, neither Barclays nor UBS has hesitated to bid lavishly for

the right people when necessary. A more serious concern, how ever, is that the hiring of whole teams destabilises financial institutions, and breaks the elaborate webs of corporate culture, mutual understanding and institutional memory which are the hallmarks of successful banking. Acquiring whole teams may be irresistible but the practice is cumulatively damaging to the industry. Poachers should think again.

# Open season on fat cats

Michael Cassell on why the number of executives in the line of fire over 'excessive' remuneration is growing

number was up vesterday. The unsuspecting chief executive of Camelot, the UK lottery operator, found himself splashed across newspaper front pages as public enemy num-

The tabloid Daily Mirror employed the latest digital technology to portray him as a pig "licensed to swill". Even the upmarket independent was sufficiently outraged to publish a candid snap of the "plump feline" dozing in a deckchair in a London park.

Charities and MPs caught the scent and joined in the chase. And the cause of such universal ontrage and abuse? His "trousering" of a £120,000 bonus after claiming Camelot had become the world's largest, most efficient lottery and announcing annual profits of £77.5m.

If Camelot had proved a financial disaster, critics would have been off the mark faster than a jackpot winner. Instead, Mr Holley finds him-self in the line of fire for delivering success and facing demands to hand over a share of his company's profits for good causes.

At a Confederation of British

industry conference on Europe held yesterday in London, conversation was dominated not by a single cur-rency but hy Mr Holley's overnight infamy. "It's one of those unforgettable pictures that go with you to the grave," said one executive of the Camelot chief's front-page expo-

Without warning, Mr Holley has joined the growing ranks of UK company executives left to lick their wounds and wonder what they had done to deserve such unwel-

Earlier this year, Mr Cedric Brown ended a 40-year career with appointment of Mr Bill Harrison as

for his achievements as chief executive but for a £490,000 pay packet and his portraval as a pig with his snout in the corporate trough.

The more common caricature is the boardroom "fat cat". Among the many nominated by the media bave been Mr Ed Wallis, chief executive of Powergen, the electricity genera-tior, Lord Young, the former chair-man of Cahle and Wireless, and Mr Martin Sorrell, chief executive of advertising agency WPP, whose success in the 1980s gave way last year to shareholder censure over his pay

Some have had to suffer worse indignities than a cut in salary. Mr Trevor Newton stepped down in May as managing director of Yorkshire Water following intense criticism of his company's handling of last year's drought. Yesterday his successor was on the defensive over bumper profits.

And there is evidence that some

mpanies have learned from the painful experiences of others. Anxious to avoid a period in the public stocks, Railtrack, the privatised rail company, has decided against a share-option scheme for executives to avoid public censure for creating more millionaires.

Sir Richard Greenbury, chairman of Marks and Spencer, who at the height of the "fat cat" controversy in early 1995 was asked to head an investigation into directors' pay, now regrets he became involved. Quickly painted not as a white knight but as another boardroom bandit, the head of one of Britain's most successful husinesses vows he will never again take on such a public role.

The decision to criticise appears highly selective. Few eyebrows were raised this week with the

Tim Holley's British Cas, to be remembered not chief executive of BZW, the investment hanking arm of Barclays. Noone chose to make mischief over a salary likely to be at least £2m a vear and the bank's recent decision to shed another 1,000 jobs.

If business leaders briefly enjoyed degree of public esteem in the Thatcherite 1980s, those notching up big pay packets increasingly appear to be regarded as equally fair game alongside the nation's politicians, entertainers and sporting

So why the readiness among newspapers and broadcasters to wield the knife so viciously? Beyond the old British habit of having a go at success, the answer lies in the belief that they have tapped a rich vein of public concern. This was initially aroused by privatisation but is unlikely to be laid easily to rest given the media's fascination with the issue and the intense competition for newspaper readers.

One former chief executive of a publicly quoted West Midlands com-pany who lost his job after years of profits turned to losses says: "Priva-tisation started it hut it has set a broader theme. I think people get particularly angry when they see boardroom pay bears no relation to performance. So far, my auccessor has had limited success hnt his pay has kept on rising."

The business community must itself take much of the blame for its bad press. The wave of privatisa-tions involving public utilities brought about the apparently effortless conversion of faceless timeservers into multi-millionaires. To date, executives of formerly stateowned businesses are sitting on share options worth more than

The imagery of feeding time, first promoted by frustrated sharehold-

ers, was enthusiastically grabbed by the media: "The evidence suggests that consumers increasingly see many businesses as demonstrating the same lack of ethics associated with politics," says Ms Katrina Michel of Ogilvy & Mather, the advertising agency.

"A few companies are seeo as occupying the ethical high ground but most are regarded as being either on the low ground or in no man's land. It is going to be critically important for companies to establish an ethical platform and to

be seen to stay on it."

The change in public attitudes comes at a time when the public, reflected in the media which serves it, appears increasingly less deferen-tial and when confidence in most national institutions is already in

The atmosphere of insecurity brought about hy continuing jobs losses and restructuring within industry bas also sharpened sensitivities over the behaviour of business leaders. The idea of "fat cats" winning still fatter pay packets when people are still losing jobs has further heightened the sense of national grievance.

Research by the Henley Centre. the UK forecasting group, shows that companies need to pay much more attention to winning the trust of consumers, a task which extends well beyond the quality of their products and services to the nature of their executives' own behaviour.

But if the British public is not entirely opposed to the idea of suc-cess and profits, the media continues to count on it recoiling at the idea of people making easy money. The irony may not be lost on a man like Mr Holley, whose business is to offer just such an opportunity to his 30m regular customers.

#### Advice to executives: how to claw back credibility

Be the boxer and not the punchbag. Be bold, courageous and on the trong tool. "Transparency" is the PR buzzword. Go beyond what is strictly required when explaining remuneration. For example, explain that your business is international, so it is necessary to reward according to international standards. Point out - it. true - that bonuses are linked to

Look and sound the part. Top executives, especially those who have risen through the ranks from technica jobs, are often uncomfortable when they find themselves in the public eye. In media interviews they may hide behind technical jargon, rather than showing they understand the customer's point of view. As a result they seem insincere and lacking in th. You may need media training and the services of a "minder".

 Be aware of the power of ism. Fairty or untainty, cars. corporate headquarters, entertaining and the other trappings of corporate lile are powerfully symbolic of lat-cattery. Be particularly careful around the time of public announcements. The press will seize on contrasts and contradictions between a company's statements to the public and the behaviour of its executives, Spend some of the high earnings on the gyn if the physique is a little wobbly - the tat cat label will be less likely to stick

 Accept responsibility. That is what your allegedly fat salary is being paid for. The public tend to trust people who admit when they are wrong and confess to the bad as well as the good without sounding detensive. Complaints from the public can be a good thing. Tests have shown that a complaint, well handled, actually leaves an organisation in a stronger position than it would otherwise have been, You could even pray for a disaster. PR students can reel off several textbook examples of companies actually enhancing their reputations after having killed or maimed their customers.

 Resign yourself to being an icon. Fat cats are a red herring. The salary is not the problem. People in top job: will always look monumentally well paid by the standards of ordinary people and the contrast is likely to get worse as companies reveal more information about, for example, contributions to executives' pensions The issue is what the public feels about the company and its performance - top executives are translated in the public's mind into icons of their organisations. in Carnelot's case, for exampla, the PR consensus is that there is public disquiet about how lottery money is being distributed - something over which Camelot and its chief executive have no control.

communications consultant; Simon Relations; Quentin Bell, Public Relations Consultants Association; Derek Salter, Countrywide Communications.

Diane Summers



# BSERVER

## Mind Helmut for me

Jacques Chirac and Helmut Kohl can't get enough of each other, it would seem. Last month, the pair took a decision to meet every six weeks or so. At tha start of yesterday's Dijon get together, one of the regular twice-yearly Franco-German summits, the two leaders evidently felt that four hours of talks and dinner would not be enough to exhaust their agenda. So it was announced that Kohl would return to Paris with Chirac last night, spend the night at his favourite Paris hotel, the German-owned Bristol, and then step the 100 metres down to Jacques' Elysée place, for yet further chin wagging.

If the talks drag on, a Feydeauesque farce could develop. For at noon, Chirac is to receive Malcolm Rifkind and Douglas Hogg who are on their lift the beef-ban tour of Europe and will be urging the French president to use his influence with Kohl to this effect. If Kohl were still around, this could pose a problem, for he is not the easiest person to hide behind one of the screens that figure so often in Feydeau stagecraft.

Blair's business

Now it's the turn of the German business establishment to feel the full force of the Tony Blair charm

offensive. The Labour leader's face is plastered across the front cover of yesterday's issue of Wirtschaftswoche, the business weekly, to mark an exclusive interview. Not for him a cover story in *Der Spiegel*, the magisterial organ of the German Left. His audience is clearly

The interview is a prelude to a full-frontal assault on Germany's business leaders in two weeks' time, when he gives the opening address at the annual meeting of the BDI, the German industry

That's quite a compliment for a leader from the left – even German Social Democrats don't often get

There is no doubting the fact that Blair is the darling of the German establishment On the left, he is feted because he has a real chance of winning power, when Oskar Lafontaine. his German counterpart, has done

the SPD. On the right, he is seen as a much more pro-European alternative to the Tories. Mind, he didn't give away much hint of a pro-European stance in his magazine interview. Just a few hland statements about being

nothing to revive the fortunes of

involved\*. They will be boping for something rather more forthright

"constructively and appropriately

when he pitches up to talk to the

#### Spaced out ■ The opening sentence of the

European Space Agency's press release concerning the Ariane The first Ariane 5 flight did not

result in validation of Europe'a new launcher "

#### Video nasty ■ Vietnam is having a rather

successful campaign to stamp out gambling, prostitution, pornography and drugs - all of them pasty pollutants that definitely rank as "social evils" in Hanoi's book. So the police hava been

confiscating pornographic videos from seedy karaoke lounges, and intercepting opium at dens, mostly in Hanoi and Ho Chi Minh

City.
The videos are piled up in the street, crushed by steam roadroller and set on fire; the opium is torched. So successful has the campaign been, apparently, that the state-run Solidarity newspaper felt able to announce yesterday that the drive "to purge smutty culture" had "admonished those who circulate these vices on the

Trouble is, the social pollutants are producing clouds of toxic black fumes. So the newspaper suggests pouring water over the videos and using the opium as fertiliser for

The only question is what the writer has been smoking.

#### Taxing task

French prime minister Alain Juppe's "five wise men", asked to recommend changes to the country's tax system, have not

wasted any time. The fact that they managed to produce their comprehensive analysis in less than two months is of course a tribute to their wisdom - rather than the product of a certain amount of pressure from the likes of former prime minister Edouard Balladur who want to see

taxes cut rapidly. On the other hand, they may have been helped a little by the fact that one of them had already written just such a report last year - commissioned by, er, Balladin while still in power.

## If it's 10:34

A study conducted by the Andrology Institute of Lexington, Kentucky has discovered an interesting fact. The most popular time of day for having sex seems to be 10:34 pm.

No cine, sadly, as to which month the institute was talking

# Financial Times

#### 100 years ago The United States and Cuba

Senator Morgan of Alabama asked in the Senate that action be taken on his resolution requesting President Cleveland to supply Congress with information as to the capture of the schooner "Competitor" by a Spanish man-of-war. The case Mr. Morgan urged, was one of the greatest gravity, and it was the duty of the President under the Constitution to keep Congress informed with regard to matters of public interest. Shrieks and groans from the stricken country of Cuba were occasionally heard in the United States, telling Congress of the atrocities perpetrated there, but any authentic official information was withheld. Every day of imprisonment of the Americans held captive in Havana was a day of dishooour for America.

#### 50 years ago Adelaide Electric

The directors of the Adelaide Electric Supply Company bave deposited a petition with the Dominions Office praying that Royal Assent be not given to the Electricity Trust Bill which finally passed the South Australian Legislative Council on 17th April by a one-vote margin. The object of the Bill is for the acquisition by the State Government of the undertaking

LAWYERS FOR BUSINESS

# FINANCIAL TIMES

Thursday June 6 1996



Santer advocates more flexible working hours

# EU companies say price pressure at 30-year high

Gillian Tett in London and Peter Norman in Bonn

Manufacturers in the European Union believe price pressures are the toughest for almost 30 years, according to a European Commission survey which also abows consumer concern about unemployment continuing to grow.

The survey was released yes-terday as Mr Jacques Santer, Commission president, said more flexible working hours, including parental leave, could make a significant contribution to tackling the work crisis in Europe.

The Commission survey of 23,000 businesses in 12 member states showed that business confidence fell again in May. It has been on a downward trend for 17 months. A slight majority of the businesses said they expected to cut prices as a result of falling order books and high stock levels - the lowest price expectation

The decline in price expecta-tions suggests that inflation could fall further this summer, bolstering hopes of further interest rate cuts which the Commis-sion believes should reinforce the trend toward an economic upturn

The weaker business sentiment had a knock-on effect on consumer confidence, with a sizeable majority of households expecting unemployment to rise over the

And though households remain cautiously optimistic about their own finances, they are getting gloomier about the overall economic outlook. Mr Santer told the European

Parliament a reorganisation of working time would be a central theme in forthcoming talks with business and trade unions on his proposed pact of confidence on

employment.

Mr Santer hopes to make the pact the centrepiece of the EU summit in Florence on June 21-22, despite scepticism among employers and trade unions. His speech to MEPs was generally well-received, though one complained that it was a "colos-

sus built on feet of clay". Mr Santer said he favoured a comprehensive approach to the unemployment crisis, based on exploiting the full potential of the single market, raising an extra Eculbn (\$1.24bn) to trigger funding for the trans-European infraregional aid more effectively. Last month, Unice, the European employers' federation, criticised the Commission for assuming a lead role in tackling unemployment. Mr Francois Perigot, president, said that employ-

on unemployment cannot be negotiated at a European level". Yesterday, German and French business leaders said Mr Santer's plans could arouse false expectations and could be no substitute for effective action by the French

and German governments to

stimulate employment.

ers and trade unions could not supplant national governments

and that "meaningful agreement

Mr Jean Gandois, head of the Patronat, the French employers' tederation, said after a meeting with Mr Hans-Olaf Henkel, president of the German industry fed-eration that Mr Santer's propos-als ignored the different social developments in France and Ger-

many in the past 50 years. Mr Santer was careful yesterday to avoid committing the on to its earlier "scenario" for halving the number of people out of work by 2000.

Recession fears revised, Page 2

# Indian government in pledge to strengthen public sector

By Mark Nicholson In New Delhi

India's United Front government yesterday gave the first taste of its governing agenda in a docu-ment which promised continued economic deregulation but also put heavy emphasis on strengthening the public sector.

It promised fiscal discipline but indicated several areas of increased government spending, adding that foreign investment in "low priority" areas - unspecified but likely to include consumer goods industries - would be "discouraged".

The 25-page "minimum pro-gramme" outlines little change in foreign policy, saying the United Front would "work for universal nuclear disarmament" and that India, which is not a signatory to the non-proliferation treaty, "retain the nuclear The policy announcement fol-lowed days of backroom talks

among the 13 parties which com-prise tha UF, led by Mr H.D. Deve

Gowda, prime minister.

The UF is expected to win comfortably a parliamentary vote of confidence next week, with Congress party support, Congress, badly defeated in last month's general election, has indicated it would withdraw its backing if the coalition reversed the programme of economic reform started in 1991.

Although short on detail, the

document strongly reflects the regional and "social justice" com-ponents of the coalition in promising to devolve greater powers and resources to the states, while emphasising a commitment to "reserved" public sector jobs for women and the lower castes. The document also bears the mark of compromise between convinced reformers, personified by Mr P. Chidambaram, finance

minister, and leftwing components of the coalition. It said the UF was committed

cent daughter of Rabo," Mr Kor-

teweg said. However, he stressed

that the two companies boped to strike a "modern, networked,

non-kierarchical relationship

under which Robeco would

to faster growth and continued industrial deregulation and decontrol "as required".

But it laid emphasis on domestic and public investment to achieve this, saying that "at the margin" the country needed foreign investment and had that capacity to absorb \$10bn a year in foreign direct investment five times current levels.

Mr Jaipal Reddy, UF spokesman, said the government would respect undertakings with foreign groups already operating in India. He also suggested India's state-dominated insurance industry would be opened up to private and foreign investors along the lines of the cautiously liberal-

ised banking sector. But in a shift of emphasis from the preceding Congress government the document argues the need to strengthen existing public sector enterprises, currently a heavy drain on India's economy, and indicates the UF will be reluctant to privatise industries.

television later this year." Bertelsmann officials said Mr that important strategic deci-

Big Dutch bank takes over fund manager its international ambitions. retain antonomy over internal management.
However, Mr Wijffels stressed As a result of the deal, Robeco will become a one hundred per

> sions such as investments, further acquisitions, and essential management choices must be approved nitimately by

FT WEATHER GUIDE

# European media alliance dies amid acrimony

By Judy Dempsey in Berlin and Raymond Snoddy in London

The ambitious digital television alliance between Bertelsmann of Germany, Canal Plus of France and British Sky Broadcasting last night collapsed with the would-be partners attacking each

Bertelsmann said yesterday that BSkyB, controlled by Mr Rupert Murdoch'a News Corporation, had unreasonably pulled out of the deal.

But it is clear that both BSKyB and Canal Plus were exasperated by the lack of progress of the venture in a race against the Kirch group to establish digital television in Germany.

A Bertelsmann official said vesterday: "Murdoch was too impatient. You can't do business in that way bere. He did not realise it takes time to enter the European market.

Canal Plus, the French pay-TV company, accused Bertelsmann of ignoring repeated requests for a top calibre chief executive to be appointed to run the multi-mill-

There was also said to be confusion on whether programme acquisition deals were for Bertelsmann'a existing television interests or the new "digital

Privately, Bertelsmann acknowledges that the deal is dead BSkyB is hoping to co-oper-ate more with Canal Plus in future.

Mr Rolf Schmidt-Holz, a board member of BMG, Bertelsmann's entertainment division, said the group would press ahead with launching a digital television network in Germany and France with Ufa/CLt of Luxembourg, and Canal Plus and Havas of France.

That alliance would provide the content, while the Multi-Me-dia Betriebsgesellschaft (MMBG) consortium headed by Bertelsmann and Deutsche Telekom would provide the technical standardisation for digital televi-

Bertelsmann was informed of Mr Murdoch's decision to pull out earlier this week.

"We can live without Mur-doch," a Bertelsmann official said. "We got our fingers burnt, but not too much. We have the green light from the competition authorities in Germany and Brussels for MMBG. And we are still on schedule to launch our digital

Murdoch withdrew because it was unclear what role Premiere Germany's only pay-TV network would play. Premiere, owned jointly by Bertelsmann, Canal Plus and the Kirch media group, was crucial for the success of the alliance since it would have provided a ready-made audience of more than 1m viewers.

## See Lex

# **Europe today**

power, but is also able and will-

ing to finance necessary international expansion," Mr Pieter

Korteweg, chairman, said. In turn, Rabobank spoke of its

need to cultivate asset management expertise to achieve

Unsettled conditions will prevail over the British isles and Ireland. There will be a few light showers in southern Ireland and northern England. Western Europe will be sunny with temperatures between 25C and 35C over a wide area from the Benelux and Germany across France into the Iberian peninsula. North-western Portugal and Spain will have thunder showers during the afternoon. High pressure will promote sunny conditions from the Baltics to the Alps and into the northern Balkans. There will be showers in Sardinia, southern Italy and Bulgaria. Greece and the eastern Mediterranean will be sunny and warm.

Five-day forecast High pressure will continue over central and southern Europe during the next couple of days. Thunder showers will spread into om Europe during the weekend. The British isles will be sunny with occas

showers in the north. The Baltics and the

Balkans will stay sunny.

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THE LEX COLUMN

# Digital divorces

The web of relationships in European media is beginning to resemble one of Mr Rupert Murdoch's soap operas. First, Mr Murdoch's BSkyB was court-ing Canal Plus, then Canal Plus and Bertelsmann looked like an item. while Mr Murdoch wooed Kirch; and finally BSkyB, Canal Plus, Havas and Bertelsmann got together. Except this relationship was never consummated, so the wife-swapping is due to start all over again.

Of course, with so many egos from so many different nations, there is little prospect of a marriage made in heaven. But there is every reason to try. The prize is a stake in a digital elevision revolution that is spreading throughout Europe. Germany alone looks like a bigger version of the Brit-ish market before the advent of satellite TV - and Britain'a BSkyB now has a market value of £7.6bn, built by

developing its home base. The obvious alternative alliances would be BSkyB and Kirch, with the rest of the Bertelsmann alliance remaining intact. But anything could happen. At least BSkyB is in a strong position, since it has a stranglehold on the UK market, which continues to grow and has the additional prospect of digital TV. Canal Plus, however, is cooped up in the more mature French market, where it is about to face competition from its ally, Bertelsmann, via CLT.

The real winner from the collapse of this media alliance must be the Bavarian media mogul, Mr Leo Kirch. He is about to launch his pay-TV channels in Germany. If he can establish his channels with German viewers before a strong competitor emerges, he is going to be extremely hard to dislodge.

Investment banking jobs

There is nothing new about team defections and bulging bonuses in investment banking. The only novelty is that senior executives are speaking out about something usually defended as the legitimate operation of market

Yesterday's protest by ING's Mr Hessel Lindenbergh about the poaching activities of Deutsche Morgan Grenfell is the latest in a series of expressions of disquiet about the jobs market. Team hirings exacerbate the fundamental problem - the extraordiparily high remuneration levels in an industry where many firms pay guaranteed bonuses to mediocre performers, give astronomical bonuses to suc-cessful staff, and are frequently held to ransom by disgruntled employees. It is a healthy sign that industry leaders are voicing concern, but no

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one has yet come up with a way of controlling remuneration. Salon for example, was forced to backtrack on its own laudable efforts when threatened with mass defection. Tying staff more closely to companies through equity stakes is a partial solu-tion, which many have already embraced. But ironically, perhaps the only way for these lovers of market forces to stem the tide of bulging pay would be to form themselves into some sort of employers' union and go on a poaching strike:

Since this is clearly unlikely, invest ment banking will remain a better industry to work in than invest in: investors may lose their shirts when the cycle turns, and youthful traders who bet on markets may lose their jobs if they get it wrong. The differ-ence is that investors are not rewarded with multi-million dollar bonuses in the good times.

Lucas Industries/BBA

Lucas has been a takeover target for so long that it would be a supreme irony if a bid materialised now. The proposed £3.2bn merger with Varity of the US looks like providing Lucas with scale, strategy and respected manage ment - the first time it has enjoyed that combination in living memory. If BBA, the engineering group, decides to launch a hostile offer nonetheless, it will have to explain why it

did not mova earlier, when Lucas could have been knocked out for a lot ss money. BBA's case is weak on two other counts. Marrying Lucas and Varity would create the world's second largest braking business, capable of offering car makers integrated systems lead to the electronics browners. Combining by electronics know-how. Combining BBA's commodity friction materials

business (brake pads and linings) with Lucas is much less compelling. BBA's second problem is that at half Lucas' size it will have to pull out all the stops to finance a credible bid. An all-share offer (with a partial cash alternative) pitched around 300p per Lucas share would cost more than £2.5bn. To avoid earnings dilution, BBA would need to raise margins at Lucas from 7 to 10 per cent in the first

year - a very tail order. In BBA's favour, Mr Bob Quarta, its chief executive, has a great record and Lucas could do with a dose of his aggressive management. BBA is also right to focus on the fact that the proposed Lucas/Varity deal promises much but delivers nothing up front for shareholders. LucasVarity could remedy that - and make life very difficult for BBA - by promising to pay a spe-cial dividend if its merger goes ahead.

Allders/Swissair/BAA

The squabble over Allders' duty-free business has got out of hand. The clear winners are Allders' shareholders, who are being offered a handsome price of £160m for a less than spar-kling asset. But everybody else emerges from the episode a loser. Allders' board, for a start, must feel

pretty silly. If the sale had not needed shareholder approval, BAA would have won control for £130m - despite Swissair's willingness to pay more. To be fair, BAA had Allders over a barrel at the time – and Swissair had not bid conclusively. But given Swissair'a evident desperation, this simply suggests Allders' handling of the negotiations

BAA has had the good sense to walk away rather than bid yet higher. But if, as seems likely, BAA cancels its contracts with Allders to set up its contracts with Allders to set up its own duty-free business, its sharehold-ers should protest. For BAA to plunge into a business requiring sophisticated distribution networks, and from which it can already extract the juiciest returns through rents, would be a classic case of pointless, high-risk util-ity diversification.

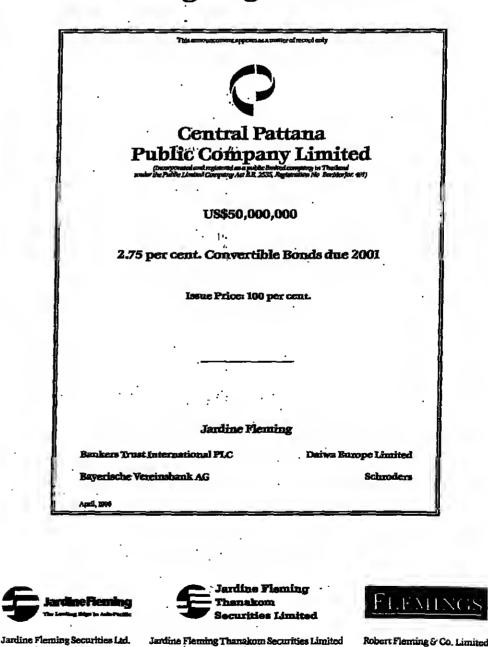
ity diversification.

But Swissair looks the higgest vic-tim of its success. True, there should be modest synergies from adding to the purchasing power of its existing duty-free side. But it is still buying a business likely to make pre-tax profits of £15m next year, about half of which will probably evaporate if the BAA contracts are cancelled. Deduct ax, and Swissair is paying an absurd 30 or so times earnings for a business constantly at the mercy of airports, and facing the abolition of European dutyfree sales in 1999.

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